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PARIS, WEDNESDAY, SEPTEMBER 11, 1985

JOYCE

Algeria	4,000	April	15,170,000	November	2,000	May
Austria	4,000	July	1,000	June	1,000	July
Bahrain	4,000	July	100	July	100	July
Belgium	45,000	January	50,000	October	50,000	January
Canada	45,000	January	50,000	October	50,000	January
Cyprus	45,000	January	50,000	October	50,000	January
Denmark	45,000	January	50,000	October	50,000	January
Iceland	45,000	January	50,000	October	50,000	January
Finland	45,000	January	50,000	October	50,000	January
France	45,000	January	50,000	October	50,000	January
Germany	45,000	January	50,000	October	50,000	January
Great Britain	45,000	January	50,000	October	50,000	January
Ireland	45,000	January	50,000	October	50,000	January
Italy	45,000	January	50,000	October	50,000	January
Japan	45,000	January	50,000	October	50,000	January
Malta	45,000	January	50,000	October	50,000	January
Netherlands	45,000	January	50,000	October	50,000	January
Portugal	45,000	January	50,000	October	50,000	January
Spain	45,000	January	50,000	October	50,000	January
Sweden	45,000	January	50,000	October	50,000	January
Switzerland	45,000	January	50,000	October	50,000	January
United States	45,000	January	50,000	October	50,000	January
Yugoslavia	45,000	January	50,000	October	50,000	January

ESTABLISHED 1887



The burned-out post office in Birmingham's Handsworth district after rioting by youths.

Rioting in Britain's 2d-Largest City Leaves 2 Dead, at Least 32 Injured

The Associated Press

BIRMINGHAM — At least two persons were killed and 32 were injured in overnight rioting in Britain's second largest city in the worst urban violence in the country in four years, police said Tuesday.

Angry youths peleted Home Secretary Douglas Hurd with stones and bottles when he toured the riot area as violence continued Tuesday afternoon.

Two bodies were found in a burned-out post office.

Mr. Hurd, the country's chief law enforcement officer, arrived to inspect the smoldering damage on Loxleys Road. He was pelted with bottles and stones when he tried to speak to a crowd of black youths.

Police hurried him away in a police van. The crowd then stoned two other police vans, overturned one of them and set it ablaze as the other raced away. Two other cars also were overturned as the rampage continued.

Neither Mr. Hurd nor Geoffrey Dear, the West Midlands chief constable accompanying him, was injured. A television cameraman ran from the scene, his head bleeding.

After he was struck by a thrown object.

Twenty-three police officers and six firefighters were injured in the riot, some seriously, a spokesman for the West Midlands police said.

A bus driver was hurt when his vehicle was attacked and two other people were wounded, the spokesman said.

The police said the rampage was the worst urban violence since 1981, when riots broke out in slum areas of Liverpool and London.

Prime Minister Margaret Thatcher, on a tour of Scotland, promised the riots "utterly appalling" and demanded action by police and community leaders to prevent further violence.

More than 50 buildings in the district were burned out, Mr. Dear said. He said that most of the rioters were members of the black immigrant community from the Caribbean.

Police spokesman Ray Newill said the violence began Monday afternoon when a police officer stopped a black motorist to question him about the tax sticker on his windshield.

"I think we have got to commit ourselves to renewal of opportunities for youngsters," said Neil Kinlock, the Labor Party leader.

Mr. Wilcock, 56, a former trade minister, had campaigned largely on economic issues, telling Norwegians that his coalition had put the country "on the right course" after what he called Labor mismanagement.

Mrs. Brundtland, 46, a medical doctor who served nine months as Norway's prime minister in 1981, promised to triple government spending on health and social welfare programs.

In trade with the European Community, Japanese exports rose 5.3 percent in August to \$1.58 billion while imports declined 0.8 percent to \$25.8 billion, less than the \$17.8 billion recorded from January to August 1984. The surplus for all of last year amounted to \$33.6 billion.

Under pressure from the United States, the Japanese government is working out a series of measures to expand domestic demand, increase imports and bring trade closer to a balance.

This follows a recently announced "action program" aimed at opening Japan's market wider to foreign products.

On Saturday, President Ronald Reagan said his summit meeting with Mikhail S. Gorbachev could be "a starting point for progress."

BUSINESS/FINANCE

Coorsae AB, a Swedish oil-industry supplier, sought protection from creditors.

The dollar fell against most currencies.

TOMORROW

The battle for control of the U.S. Senate in 1986 has begun to take on a new look.

INSIDE

■ Israel's release of 119 Arabs means freedom may come soon for two Frenchmen. Page 2.

■ John Belushi's last days were marked by heavy drug use, illnesses said. Page 3.

■ The Titanic's discovery was a by-product of U.S. Navy research.

■ President Reagan said his summit meeting with Mikhail S. Gorbachev could be "a starting point for progress." Page 4.

■ Coorsae AB, a Swedish oil-industry supplier, sought protection from creditors. Page 9.

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U.S. Is Likely to Deny F-15s to Saudis

By David B. Ottaway
Washington Post Service

WASHINGTON — The Reagan administration is expected to drop plans to include 40 additional F-15 combat aircraft in the new arms sales package for Saudi Arabia that Congress will soon consider, according to congressional and State Department sources.

U.S. officials said the decision reflected mounting congressional opposition to the administration's plan for major sales to Jordan and Saudi Arabia.

Together with two squadrons of F-16 or F-20 fighter jets and mobile surface-to-air Hawk missiles for Jordan, the F-15s for Saudi Arabia are the most controversial items in two packages.

According to an official, "As of now, we have made a decision not to advance any Saudi request for aircraft."

A denial of the long-standing

while exports grew by 4.1 percent from August 1984 to \$13.86 billion.

For the first eight months of the year, Japan's surplus amounted to \$25.8 billion, less than the \$17.8 billion recorded from January to August 1984. The surplus for all of last year amounted to \$33.6 billion.

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Reagan said that he had decided to carry out countermeasures against Japan if it did not stop "unfair trade practices" regarding cigarettes, leather and leather shoes.

But Japanese officials said that it would be extremely difficult for Japan to meet Mr. Reagan's demands because of politics and Japanese tax law.

Meanwhile, the Kyodo News Service reported that Prime Minister Yasuhiro Nakasone had summoned senior officials of the government and his ruling Liberal Democratic Party to start a series of meetings on how to improve rapidly deteriorating trade relations with the United States.

Japan ran a \$509.64 million trade surplus with China, down from \$648.42 million in July. Exports to China rose 85.9 percent to \$1.06 billion.

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Plot Shows Thailand's Fragility

But Solidarity of Military Helped to Doom Coup Attempt

By Barbara Crossette
New York Times Service

BANGKOK — Only last week, the Thai Foreign Ministry brought together a group of local reporters and foreign correspondents at a press conference on the Gulf of Siam to talk about the country's image.

Thailand, the officials said, was a developing country struggling toward democracy. It was a country mired on the east by the Vietnamese war machine in Cambodia. Its economy was being battered by falling commodity prices and rising protectionism abroad. Its evolving civilian government was under constant pressure from an entrenched military establishment.

In short, Thailand needed sympathy and understanding from those who reported on it, the journalists were told.

On Monday morning, one of those correspondents died in a burst of shrapnel in central Bangkok, one of the victims of an attempted military coup. The damage to the country's carefully nurtured image was self-inflicted.

"We can never really be sure about Thailand," a Malaysian scholar said recently. "It is our line of defense against the Vietnamese, but its military officers seem to be more interested in politics."

It may not be known for some

time what really happened on Monday, or how deep the roots of this coup attempt go into the history of military dictatorship in Thailand. The country has had 16 coups or attempted coups since a military government replaced the absolute

NEWS ANALYSIS

monarchy in 1932, and the attempted takeover Monday bore hallmarks of former seizures of power. The movement toward a civilian political system is recent.

But it is possible that Monday's abortive takeover of the government of Prime Minister Prem Tinsulanonda was a last gasp of a disaffected officer class that was also thwarted in an attempt to grab power four years ago. Certainly on Monday the solidarity of the country's military command structure was a major factor in the rapid defeat of the plotters.

Another factor was the self-confident, almost casual way the spokesmen for the military dealt with the public, measuring the Thai people all day on television and radio that everything was under control, and crediting the coup plotters for their inappropriate way of dealing with the acknowledged problems of this country.

Thailand's expanding profes-

sional and academic class has frequently expressed concern that the steady movement toward a civilian government over at least five years was sooner or later bound to provoke a response from a military establishment, or factions of it, that sensed its power was being whittled away.

But those fears might have been reduced, politicians and commentators say, had the government been stronger and more combative in the face of the military challenge. Last autumn, when rumors of an impending coup circulated with some regularity, Mr. Prem fell ill and spent several weeks away from his duties.

His absence prompted Kukrit Pramj, Thailand's elder statesman and Mr. Prem's strongest civilian political supporter, to suggest in an interview that the head of government might be "too sensitive to be a really dashing prime minister."

"He works very hard, but I don't think he can tolerate criticism," Mr. Kukrit said. But he, like others, never expressed doubts about the prime minister's commitment to seeing the democratic process through.

"If we can get through the next election, in 1987," Mr. Kukrit said, "then I believe democracy will come to stay."



Relatives of a Shiite freed Tuesday hoisted him to their shoulders in Tyre.



Prime Minister Prem Tinsulanonda, right, and General Pichit Kullavanijaya touring a Bangkok hospital where some wounded were taken after Monday's coup attempt.

Thai Plotters Said to Flee; Probe Begins

By Barbara Crossette
New York Times Service

BANGKOK — The leaders of Monday's unsuccessful military coup in Thailand were reported Tuesday to have left the country, while the Thai government set up a committee of police officers to investigate the incident.

The supreme military commander, General Arunthai Kamlang-ek, who returned abruptly Tuesday from a European tour, deflected questions about why no military officers were involved in the investigation.

It was reported Tuesday that the accused leaders of the coup, a dismissed army colonel and his brother, a former air force officer, had been allowed to flee the country in return for their surrender and the release of the head of the Thai Air Force, whom they were said to be holding at gunpoint.

The former officer named as the instigator of the coup attempt, Manoos Roopakachorn, was reportedly by military officials to have been flown to Singapore with his brother on Monday evening on a Thai Air Force plane, following his surrender at midafternoon.

The escape was reported to have been arranged through negotiations sanctioned by the king, who is always a silent power behind political developments in Thailand. Civilian politicians have begun to raise questions about why Colonel Manoos was not arrested.

Three leaders of the coup attempt are in Singapore and have asked for political asylum in the United States. The Associated Press in Washington reported the State Department as announcing Tuesday. Bernard Kalb, the department spokesman, said that the Reagan administration was reviewing their applications. He did not identify the three leaders.

In addition to conducting a formal inquiry, the government of Prime Minister Prem Tinsulanonda is allowing the Bangkok press to pursue its own investigative reporting of the incident, free of censorship. Reporters say this marks a significant change from other periods of national emergency.

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AMERICAN TOPICS

Probation vs. Prison: Georgia Alternatives

Penal experts say Georgia probably has the most advanced program of "calibrated sentencing" in the United States, to give judges alternatives to prison or probation. *The Washington Post* reports:

One such alternative is "intensive probation," during which the probation officer makes at least five unannounced visits a week at home or work, as compared to the usual maximum of once a week. Probationers are subject to curfew and to spot tests for drugs or alcohol, and can be put behind bars without red tape. The cost is about \$5 a day, compared to about \$25 a day for prison inmates, and is borne entirely by fees charged the probationers.

Another alternative is "shock incarceration," 90 days in a compound whose inmates have never been in prison before. Regimented by guards who are all former military personnel, the young felons, heads shaved, rise at 5:30 A.M. for a long day of back-breaking field work, marching and calisthenics. The idea is to give them a short, intense taste of prison life without its permanent scars, enough to discourage them from risking a return engagement. When released, they go on probation, usually intensive.

Although Georgia's program is too new to have accumulated meaningful statistics, preliminary results indicate that about one in four intensive probationers commits new crimes, compared to roughly one in two ex-convicts. So far, only one in 16 young men given shock incarceration has come back for more.

Short Takes

Americans last year threw away 99 billion paper and plastic cups, dinner bowls and lids, 16 billion diapers, 2 billion razors and razor blades, 1.6 billion pens and 348 million lighters, according to *Waste Age*, a magazine for the landfill industry.

Providence, Rhode Island, is putting the paved-over juncture of the Woonasquatucket and Moshassuck Rivers, which form the Providence River, out in the open and putting the railroad tracks, which currently cut off the State House from downtown, underground. The cost to the



THIS IS FUN? — Michelle Bowman, 6, seems to doubt the enjoyment of riding down a waterslide in Chesterfield, Virginia, with Penny Groom, of Richmond.

taxpayers of transforming the heart of the city is estimated at \$145 million in state and federal funds.

Shorter Takes: U.S. farmers grew about 20 percent more potatoes this year than they usually sell, and the result is a glut which is expected to drive the price of a 10-pound (4.5-kilogram) bag of spuds, which was 70 cents or more last year and has reached as high as \$1.20, down as low as 22 cents.

Ten states now have black judges on their supreme courts — Alabama, California, Florida, Maryland, Mississippi, North Carolina, New York, Pennsylvania, South Carolina and Virginia — compared to five states in 1980. ... The federal government's General Accounting Office says that on the average, while federal workers have higher pensions and longer leaves than private-sector employees, overall benefits are superior outside of government be-

cause of 10 to 18 percent higher pay.

Chiseling on Words Engraved on Memorial

Washington's Jefferson Memorial has parts of the second and last paragraphs of the Declaration of Independence engraved on a wall, but five of the original words are missing. The word "that" before the list of unalienable rights was dropped, "United Colonies" became "Colonies" and "pledge to each other our lives" was cut down to "pledge our lives."

"The architects took some poetic license," says Sandra Alley, a spokeswoman for the National Park Service. "We also heard that the changes were made to save space."

— Compiled by ARTHUR HIGBEE

John F. Enders, a Virologist, Dies; Research Paved the Way for Vaccines

By Lawrence K. Altman
New York Times Service

NEW YORK. — Dr. John F. Enders, 88, a virologist whose discoveries paved the way for vaccines against polio, measles, German measles and mumps as well as to major advances in the fight against cancer and in genetics, died Sunday at his summer home in Waterford, Connecticut. He was the recipient of a Nobel prize in medicine in 1954.

Scientists credited his discoveries, which were made at Harvard University, as being among the most important in shaping medicine in the 20th century.

Dr. Enders was a basic researcher who was perhaps best known for the modern techniques of tissue culture. The method, in which cells are grown in test tubes, was first developed by other researchers at Yale University in 1907, according to medical historians.

Scientists had long sought ways to grow polio virus in test tubes and some had limited success. Dr. Enders is credited with developing techniques that made it possible to grow not only the polio virus, but also many other viruses.

He did it by examining through a microscope human cells grown in test tubes and then recognizing that viruses injured cells in distinctive ways. By studying the patterns of such cell injury, he could distinguish one virus from another.

Ultimately the techniques led to advances in growing tumor viruses and to the recognition that cancer cells formed clumps, a phenomenon called focus formation.

A paper that he published in 1949 with Dr. Fred C. Robbins and Dr. Thomas H. Weller, then his students, described the growth of polio viruses in embryonic tissue. The paper, which appeared in the journal *Science*, is considered a landmark in virological research.

It also led the three men to share a Nobel prize in 1954.

In continuing that research, Dr. Enders and other scientists found ways not only to grow the polio and other viruses but also to tame them so they could be used as safe and effective vaccines.

The vaccines that were derived from Dr. Enders' research led to the virtual eradication of poliomyelitis and measles in developed countries.

The cell culture techniques also allowed others to make fundamental advances in biology, biochemistry and genetics. Those genetic engineering techniques that rely on tissue culture to produce biologically active substances are based on work done by Dr. Enders and his team.

Rodney R. Porter, 67, Biochemist at Oxford

NEW YORK (NYT) — Professor Rodney R. Porter, 67, of Oxford University, a biochemist who was awarded the Nobel prize in

medicine in 1972, was killed Saturday in an automobile accident in Winchester, England, police in Britain said.

Dr. Porter, who was to have reported in October, received the Nobel prize jointly with Dr. Gerald Maurice Edelman of the Rockefeller University in New York City. They had carried out separate research into the ways the human body detects alien living chemical systems.

The two men described the specific chemical, called an immunoglobulin, that does the detecting. It is the major component of gamma globulin, the part of blood that contains the chemicals that defend the body against invading germs.

The chemical is a protein molecule made up of thousands of atoms strung together in clusters that somewhat resemble grapes and in chains of amino acids, like beads in a necklace.

Johnny Desmond, 65, Singer With Glenn Miller

LOS ANGELES (LAT) — Johnny Desmond, 65, an actor and singer who rose to fame during the Big Band era as a lead vocalist for the Glenn Miller Orchestra, died of cancer Friday in Los Angeles.

Mr. Desmond, born Giovanni Alfredo de Simone in Detroit, gained fame during World War II, recording a number of hits with the Miller band, and was called a "European Tokyo Rose" because of his performances that were aired worldwide.

His manager and producer, Lou Reda, said: "He sang all the popular songs in German and French and Italian and it was broadcast out so the enemy could tune it in. He was the other Frank Sinatra."

Although Mr. Desmond's early fame faded after the war ended, he remained popular as a bandleader, making dozens of radio and television appearances.

George Polya, 97, Researcher in Mathematics

LOS ANGELES (LAT) — George Polya, 97, a mathematician who made fundamental contributions to a wide range of topics and to the theory of problem solving,

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Meese Urges Congress To Overhaul Aliens Laws

By Robert Pear
New York Times Service

WASHINGTON — Attorney General Edwin Meese 3d has urged Congress to overhaul U.S. immigration laws, while strongly objecting to key features of a bill proposed by Representative Peter W. Rodino Jr., chairman of the Judiciary Committee.

Mr. Meese said Monday that he and President Ronald Reagan were "committed to comprehensive immigration reform," including penalties against employers who knowingly hire illegal aliens.

But Mr. Meese criticized the bill drafted by Mr. Rodino, a New Jersey Democrat, on the ground that it was too generous in offering legal status to illegal aliens who are already in the United States.

Mr. Rodino's measure would authorize the attorney general to offer legal status to illegal aliens who entered the United States before Jan. 1, 1982, and have lived in the United States continuously "in an unlawful status" since that time.

The attorney general, who testified before the House Judiciary Subcommittee on Immigration, said that the cutoff date should be pushed back to Jan. 1, 1980, to assure that the legalization program was open only to aliens who had set down "roots" in the United States.

The 1982 eligibility date, he said, would be "unfair to those persons who have respected the legal immigration system" and "would serve to attract even more illegal immigrants."

Comprehensive legislation to curb the influx of illegal aliens has been passed twice by the Senate and once by the House of Representatives since 1982, but the bills ultimately died in Congress. In July, the Senate Judiciary Committee approved another version of the legislation, which includes the 1980 immigration bill, but with a different date for illegal aliens seeking legal status.

Mr. Meese also criticized provisions of the Rodino bill that would establish a special office in the Justice Department to investigate complaints of employment discrimination against legal aliens and refugees. Hispanic groups warn that such discrimination might increase because of the bill's ban on hiring illegal aliens.

"We endorse the spirit of those provisions, but not the specific mechanisms," Mr. Meese said. He said the anti-discrimination mechanisms in the Rodino bill might eventually lead to a presidential veto.

The administration, Mr. Meese said, also would insist that any immigration bill include provisions making it easier for farmers to bring in aliens as legal temporary workers, to offset the expected loss of illegal alien labor.

"Permanent and temporary guest worker programs are necessary," Mr. Meese said, for both economic and political reasons. On this issue, he said, the administration is trying to negotiate a compromise acceptable to farm worker unions and to fruit and vegetable growers who have depended on illegal aliens to pick crops.

The administration, Mr. Meese said, also would insist that any immigration bill include provisions making it easier for farmers to bring in aliens as legal temporary workers, to offset the expected loss of illegal alien labor.

By themselves, the U.S. sanctions against South Africa that Mr. Reagan adopted on Monday will have a negligible impact, according to experts in international trade.

But the analysts said that the president's decision might strengthen the resolve of other governments to expand their own sanctions. Such measures combined with the American actions, could eventually hurt South Africa's economy, they added.

Some analysts speculated that South Africa could respond in a way that would work against Mr. Reagan's commitment to the movement, as he put it on Monday, "when apartheid will be no more."

The sanctions could encourage the country to redouble its effort to build a self-supporting economy, leaving it free to pursue its segregationist policies, these experts said.

The sanctions that Mr. Reagan ordered involve all computers, computer equipment and computer software used by South African public agencies to enforce apartheid; nuclear equipment, which could be used for military purposes; and U.S. bank lending to South Africa.

Mr. Reagan also threatened a ban on sales of gold Krugerrand coins, which, like other South African exports, provide a source of

Draft Resister Given Probation

The Associated Press

LOS ANGELES — David Wayne, a draft resister whose conviction was upheld by the U.S. Supreme Court, was sentenced Tuesday to six months of "house arrest" at his grandmother's home and barred from doing community service.

U.S. District Judge Terry Hatter said the unusual ban on community service during Mr. Wayne's probation would be a grave punishment for a socially conscious defendant.

Mr. Wayne, 24, who works at a school for disabled adults and at a shelter for the homeless in Pasadena, contended he was prosecuted only because he actively protested the draft. Although about 500,000 men failed to comply with renewed draft registration in 1980, only 12 were prosecuted.

WORLDWIDE ENTERTAINMENT

ZURICH'S BEST

Belushi's Drug-Filled Last Days Described

By Robert W. Stewart
Los Angeles Times Service

LOS ANGELES — In the days before he died, a drawn and tired John Belushi repeatedly accepted drug injections from his accused murderer, Cathy Evelyn Smith, and encouraged his friends to join him, two of Mr. Belushi's companions have testified.

On the first day of Miss Smith's long-delayed preliminary hearing on Monday, Leslie Marks-Moritz, 28, a former clothing store clerk, and Nelson Lyon, 46, an advertising and television writer, provided new details of Mr. Belushi's unrelenting use of drugs the week before he died of a heroin and cocaine overdose on March 5, 1982.

Miss Smith, 38, a former singer, is being prosecuted for second-degree murder and 13 counts of furnishing heroin and cocaine to Mr. Belushi, a television and film star who was 33 when he died. The hearing is to determine whether there is sufficient evidence to try her on the charges.

Responding to questions from Deputy District Attorney Michael J. Monagna, Miss Marks-Moritz and Mr. Lyon testified that although Mr. Belushi personally supplied or paid for the drugs that he and his friends used, they never saw him inject himself with a needle. That task always fell to Miss Smith.

Mr. Lyon, who testified under a grant of immunity, said that he left the comedian's \$200-a-day bungalow

surprised by testimony of Mr. Lyon and Miss Marks-Moritz. "We all knew that type of testimony was going to come out," he said. "I don't believe it has any effect on our theory of the case."

Mr. Weitzman said that he believes that Miss Smith was acting only at Mr. Belushi's direction and is not guilty of murder. "We said all along this is not a murder case," he said.

At one point, Miss Marks-Moritz said, Miss Smith "told me it could be dangerous giving me an injection; something to the effect of, if she didn't do it right, she could kill me."

Miss Marks-Moritz described the comedian's final days as spent searching for drugs, borrowing money to buy drugs or getting high.

She said that two days before he died, Mr. Belushi arrived at her Los Angeles apartment at 7:30 A.M., "drugged and exhausted." When she returned from work that afternoon, she said, Mr. Belushi was asleep on her bed, his arms exposed.

"They had a lot of what looked like red splotches in the crook of his arm, where he had been injected," she testified. "Over a dozen, at least."

Outside the courtroom, Miss Smith's attorney, Howard L. Weitzman, said that he was not

surprised by testimony of Mr. Lyon and Miss Marks-Moritz.

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Finding of Titanic: A Navy By-Product

By William J. Broad
New York Times Service

WOODS HOLE, Massachusetts — The triumphant researchers who found the ocean liner *Titanic* have returned to their home port here, greeted by cheering crowds, balloons and the blare of sirens.

Two helicopters and a flotilla of small craft followed the navy research vessel *Knorr* to her landing.

"I'm glad it's over," Robert D. Ballard, leader of the research team and a senior scientist at the Woods Hole Oceanographic Institution, shouted from the deck as the 245-foot (75-meter) *Knorr* pulled up to the institution's wharf.

The first man to shake Mr. Ballard's hand was Rear Admiral J.B. Mooney Jr., chief of U.S. naval research. The navy financed the development of the underwater robot sled *Argo*, which last week took more than 12,000 photos of the liner.

The *Titanic* sank 73 years ago with the loss of more than 1,500 lives. The navy wants to use the *Argo* for top-secret military missions, according to naval sources and scientists who work for the government.

At a news conference, Mr. Ballard said the gravesite of the *Titanic* was quiet and peaceful, "a fitting place for the remains of this greatest of sea tragedies to rest."

He added that the *Argo* and its cousins under development at Woods Hole represented "a complete revolution" in underwater exploration.

"It's the beginning of telepresence, of being able to project your spirit to the bottom, your eyes, your mind, and being able to leave your body behind," Mr. Ballard said. "We were able to stay submerged for days on end, something I've never been able to do in little submarines. With the *Argo* system you can sit in comfort and watch the bottom go by, mile after mile after mile. This test program clearly demonstrates that we've entered a new era in undersea exploration."

The *Argo*, about the size of an automobile, was built by Mr. Ballard and his team at Woods Hole. This was its maiden voyage. From the navy's point of view, the search for the *Titanic* was incidental.

"The most critical test we could imagine was to find something that

magazine. A photographer from the magazine was aboard the *Knorr*, and the National Geographic Society has a long history of joint projects with Woods Hole.

The luxury liner sank 73 years ago. According to scientists, government officials and historians, its discovery and what lies in store for its wreckage is a tale full of twists and irony.

The scientists tried to keep the site hidden from treasure hunters by refusing to give the exact location in ship-to-shore interviews. But soon their precautions were shattered as an unidentified private plane circled overhead for more than an hour "hailing down the position," one of the discoverers said.

In a final twist, historians say there may be little of value on the purportedly treasure-laden vessel. This news, however, has not slowed treasure hunters from declaring that they want to mine the luxury liner for fabulous riches.

The precise location of the 45,000-ton *Titanic* had been a mystery since April 14, 1912, when, at 11:45 P.M., she struck an iceberg while steaming through the waters of the North Atlantic.

With a double-bottom hull and reinforced bulkheads, the ship had been dubbed unsinkable. But that night, several hundred miles south of Newfoundland, Canada, it went down with 10 millionaires aboard, including the American financier John Jacob Astor, the industrialist Benjamin Guggenheim and Isidor Straus of Macy's. In all, more than 1,500 people lost their lives.

The *Titanic's* actual discovery nobody else could find," said John H. Steele, director of the Woods Hole institution, when asked who the search had begun.

Asked about growing calls to raise the *Titanic*, Mr. Steele said: "We do not want to see anything there touched. It's a tremendous way to test out our technology, but we don't want to scar the ship itself."

The navy is now looking upon the technology as the perfect way to begin searches for lost submarines and weapons and also to help develop anti-submarine warfare.

A detailed news conference on the discovery was to be held Wednesday at the Washington offices of The National Geographic

cousins can roam across miles of territory and stay under water for weeks at a time while scientists monitor data aboard the mother ship.

The development of the *Argo* was financed by the Office of Naval Research part of a \$15 million Woods Hole program to build advanced robot vessels, according to navy and Woods Hole officials. It will be tested for the next two years. When testing is completed, it will belong to the navy.

Some of the work of these submersibles will be scientific. But other jobs, perhaps most of *Argo's* tasks, will involve secret navy projects.

"They are very interested in technology they can apply to their own kinds of problems," said William Marquet, senior engineer at the Woods Hole Deep Submergence Laboratory.

The *Argo* is only the first stage of what will be a more sophisticated system involving a still smaller vehicle, the *Jason*, which will be sent out from the *Argo* for closer examinations of the ocean floor.

"Underwater technology is of great interest militarily," said William Nierenberg, director of the Scripps Oceanographic Institute on the West Coast, which makes data available to the Pentagon.

He said scientific knowledge of the deep seabeds was essential for such activities as antisubmarine warfare and the navigation of submarine-launched missiles. "Beyond that," Mr. Nierenberg said, "is the whole question of retrieving objects."

Items of military interest in the ocean include the U.S. nuclear submarine *Thresher*, which sank in the Atlantic in 1963, an American hydrogen bomb lost off the coast of Spain in 1966, a Soviet submarine that exploded and sank between Hawaii and Midway Island in 1968 and the U.S. nuclear submarine *Scorpio*, which sank off the Azores in 1968.

In addition to investigating items of military import, the navy wants research robots to help explore the ocean's weight and pierce the darkness miles under water. It is towed from a mother ship.

In interviews, Mr. Ballard has often argued that the future strength of the navy rests in large measure on taking advantage of improved familiarity with the sea floor. The prolonged debate on how to hide and shuffle nuclear missiles on land, to keep them safe from surprise attack, could be resolved, he has said, by concealing missile-bearing submarines in canyons on the ocean bottom.

According to scientists and officials at Woods Hole, the *Argo's* work on this mission was strictly scientific. "There was nothing classified," said Robert Spindel, head of the Woods Hole Ocean Engineering Department.

In planning for the sea trial of the *Argo*, oceanographers at



Marshall Drew, 81, of Westerly, Rhode Island, who survived the sinking of the *Titanic*, was on hand in port this week to greet the scientists who have found the ship.

Woods Hole will be all right to search for the *Titanic*.

They said, "Do you have any objections if we test in the area of the *Titanic*?" recalled Captain Brent Baker, a navy spokesman at the Pentagon. "We didn't care. The point was to see if this new system worked."

Assorted adventurers and at least one insurance company have laid claims to the *Knorr*, while Woods Hole researchers and many people associated with the sinking say they want the wreck left untouched.

Experts also say that treasure seekers who want to mine the ship for valuables may be in for a letdown.

"The stories of great wealth are fantasies," said Mr. Eaton of the Titanic Historical Society. "There were no claims for large amounts of jewelry, just the standard express-liner cargo. Most of them were personal claims, \$13 million, both for loss of life as well as property. I believe the only value of the wreck is scientific. There's probably little that is salvageable."

■ Reference to French

Mr. Ballard cut short the Monday news conference, Ken Ringle of The Washington Post reported, in deference to French colleagues on the expedition. Mr. Ballard said they "deserve a chance to go home

Reagan Says Summit May Be 'Starting Point' For East-West Progress

United Press International

WASHINGTON — President Ronald Reagan said Tuesday that his November summit meeting with Mikhail S. Gorbachev could be "a starting point for progress" but that Western security would not be enhanced by Moscow's "wishful thinking" or public relations campaigns.

Mr. Reagan used the state visit of Prime Minister Poul Schlüter of Denmark, a leader who has no differences with the United States, to promise "a century of peace" and respond to a Soviet media blitz before the Geneva summit conference with the Russian leader.

The Nov. 19-20 meeting will put Mr. Reagan face to face with a Soviet leader for the first time in almost five years in office.

Reacting to a series of Soviet interviews, speeches and official newspaper articles on "star wars," the name given to Mr. Reagan's space-based Strategic Defense Initiative, and anti-satellite research, Mr. Reagan said that the United States has "already reached out in a cause of a safer world on numerous occasions, and we will continue to do so."

"We have offered major reductions in strategic and intermediate weapons as well as a lowering of the level of conventional forces," Mr. Reagan said. "We look forward to the coming meeting in Geneva, not for an end of all that has been wrong between East and West, but a beginning point for better relations, a starting point for progress."

While making the remarks, Mr. Reagan appeared healthy and cool in the muggy morning heat of the capital, and said, "We can, must and will have, not just four decades of peace, but a century of peace, a more stable peace" that "will not be secured by wishful thinking or public relations campaigns."

Mr. Schlüter said he hoped that the summit meeting "will lead to the beginning of a more constructive East-West relationship, benefiting the United States, the Soviet Union, the alliance and the world."

In their private talks, a senior administration official said that Mr. Reagan stressed the crucial importance of allied unity in achieving success with the Soviet Union.

The official, who asked not to be identified, said the president told the prime minister that he was looking forward to the meeting, that he was convinced it would be productive and that "if the Soviets

left us 20 percent and we found it"

Mitterrand Will Travel To Nuclear Test Site

The Associated Press

PARIS — President François Mitterrand will travel Friday to the French nuclear testing site at Mururoa Atoll to preside over a meeting of a newly created Coordinating Committee for the South Pacific, which is made up of ambassadors and French civil and military authorities, the government announced Tuesday.

The president will stop in French Guiana en route to watch the launching of two communication satellites from Kourou by the European Space Agency's Ariane rocket, the announcement said.

The official said rather than extending resolution of long-term is-

trials as they block initiative or innovation.

Reflecting Mr. Gorbachev's emphasis on agriculture and automation, Mr. Yevtushenko also criticizes Stalin-era bureaucrats for the policies that set back Soviet farming.

He took a veiled swipe at collectivization and an open one at Trofim D. Lysenko, the biologist who imposed his shaky ideas on Soviet agriculture and gave his name to the notion of political control over science.

Mr. Yevtushenko's poem stays well within the borders of sanctioned criticism and steers clear of direct attacks on the Communist Party. To blame bureaucrats for collectivization or Lysenkoism is to evade the central point: The policies were imposed by the party, and their opponents were ruthlessly suppressed.

Mr. Yevtushenko, 52, became something of a popular idol in both the Soviet Union and in the West in the early 1960s with poems like "Babi Yar," about the Nazi massacre of Ukrainian Jews.

He has alternated since then between original works, such as his 1982 novel "Berry Patches" or the autobiographical film "Kindergarten," and poetry praising truck plants, the Olympic Games in Moscow or the Chilean leader Salvador Allende, who died in a coup in 1973.

STOCKHOLM — The Stockholm Conference on European disarmament opened its seventh session Tuesday in what Western delegates called a positive atmosphere, but no new initiatives seem likely before a U.S.-Soviet summit meeting Nov. 19 and 20.

James E. Goodby, the U.S. delegate, said that the political will now existed for progress in the central task of agreeing on confidence-building measures to reduce the risk of war.

Proposals by the North Atlantic Treaty Organization to the 35-nation conference are centered on exchanges of military information and observers, while Moscow has proposed broader military measures based on a treaty outlawing the use of force.

Mr. Goodby said after the opening plenary session that talks in Geneva between President Ronald Reagan and Mikhail S. Gorbachev, the Soviet leader, could give impetus to the Stockholm conference, which began in January 1984. Its official name is the Conference on Confidence and Security-Building Measures and Disarmament in Europe.

The Soviet ambassador, Oleg Grinovsky, told delegates that the time was ripe for concrete negotiations in Stockholm, but warned that some countries were creating artificial delays and seeking unilateral advantages.

"A turn for the better is possible in Europe," he said, "where detente was born and where it has deep roots."

The main interest of this session focuses on plans by nine neutral and nonaligned countries to present detailed proposals that could help to break the East-West deadlock.

Neutral delegates said their proposal would include provisions on the nonuse of force, the key Soviet proposal, and on exchanges of information about military activities, the cornerstone of the NATO position.

Soviet Reports Earthquake

Reuters

MOSCOW — An earthquake rocked the Soviet republic of Tadzhikistan on Tuesday but no deaths were reported, the Tass news agency said.

Soviet Poet Joins Effort to Galvanize Bureaucrats

By Serge Schmemann
New York Times Service



Yevgeny Yevtushenko at a poetry reading.

Excerpts from the poem "But-What-If-It-Doesn't-Work-ists," by Yevgeny Yevtushenko:

"But what if it doesn't work . . . ?" — and they jammed sticks

In the wheels of the first locomotive

To make sure it wouldn't work.

And the quacks seized the surgeon's knife

With their fingers

When he first cut into the heart

To save a life.

"But what if it doesn't work . . . ?" — smug and sated.

They grumbled at the airplane,

At electric light.

"But what if it doesn't work . . . ?" — and you and I read

"The Master and Margarita"

Twenty years too late.

The refrain throughout is

"But what if it doesn't work . . . ?" ("Kaby chevo ne vysto . . . ?"), the plaintive cry of bureaucrats as they block initiative or innovation.

Reflecting Mr. Gorbachev's emphasis on agriculture and automation, Mr. Yevtushenko also criticizes Stalin-era bureaucrats for the policies that set back Soviet farming.

He attacks those who, for example, held up publication of

Mikhail Bulgakov's satirical novel

"The Master and Margarita"

for 20 years, or who impeded the study of cybernetics.

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ARTS / LEISURE

A Voice in the Wilderness: Israeli Singer Protests

The Associated Press
ZEMAH, Israel — Bathed in an eerie green glow, the singer clenched his fists and sang: "He leaves behind him downfall and destruction."

The crowd at the open-air amphitheater of Zemah, on the northern shore of the Sea of Galilee, rose to its feet, singing with Shalom Hanoch as he strummed the chords of "Doesn't Stop at Red Lights."

"I don't mind if people interpret the song to mean it's about Shimon," the rock star said later, referring to former Defense Minister Ariel Sharon, who masterminded Israel's June 1982 invasion of Lebanon.

Hanoch, 39, considered Israel's foremost rock composer and singer, usually sings personal songs and ballads. But his new show and latest album include several anti-war and social protest songs, an unusual phenomenon in Israel, where singers, Hanoch included, are often launched from army entertainment troupes.

Before the Lebanon invasion shattered the national consensus, Israel's wars generated songs of solidarity and nostalgia rather than protest. After the Israeli Army's controversial

three years in Lebanon, Hanoch's is the first protest music to emerge.

"I think maybe things aren't bad enough to generate such songs. If we had a really oppressive regime, maybe it would happen," said Hanoch, whose music sounds like a blend of John Lennon, Bob Dylan and Joe Cocker.

"The people's hero waved hello. Beware, he doesn't stop at red lights... You sleep, he'll lead the herd... Foods love the power... Who will save you once you understand?" Hanoch sang.

"There aren't enough protest songs these days," he said. "This is a painful period of reckoning. We must all take responsibility, consider what was until now and try to change things. That's what I'm trying to do in a gentle way. I feel I have some impact. People listen and react."

Another subject he addresses is last year's stock market crash, in which thousands of Israelis lost their life savings when bank shares plummeted. His song attacks the economic prosperity Israelis enjoyed under the seven-year Likud government of Prime Minister Menachem Begin, when living standards went up and the national treasury ran dry.

Hanoch's success is limited to a younger audience that did not grow up on the musical fare known as "Land of Israel" songs — ballads recalling the camaraderie and bravery of the independence struggle before 1948.

"The audience which likes those songs is looking for nostalgia. It finds it hard to handle the shattering of a dream. I never had a dream. All I thought is that I have to advance with my music, to grow up," said Hanoch.

The influence of Western pop and rock music has made itself felt, but Israeli composers and singers have not attained the popularity of their American or British counterparts.

"Israelis always think imports are better. It has to do with low self-esteem," said Hanoch.

American Cop-Show Plot Proves Too Thin in 'Split Second'

By Sheridan Morley
International Herald Tribune

LONDON — The theory that American television is rubbish, though generally still defensible, has always had to cope with the equally undeniable fact that the average episode of "Lou Grant" or "Hill Street Blues" is actually better written and better acted out.

THE LONDON STAGE.

only than anything on British prime-time television but also most of what is on the British stage. It ought therefore to be possible to welcome Dennis McIntyre's "Split Second" to the Lyric Hammermith Studio on the grounds that it is a rare attempt by an American playwright to do on stage what the best American cop shows have been doing on television since Kojak lost his hair.

The problem is, however, that what works for 60 minutes (less commercial breaks) on television is apt to look a little overstretched across two hours in a theater. The play follows all the rules of anti-establishment cop shows: We start on 11th Avenue and 28th Street in

New York late one long, hot July 4 night. A black cop has arrested, after a long chase, a white car thief, who is now handcuffed and disarmed. The thief has not, however, been silenced, and about 10 minutes into the play, after letting forth a tirade of racist remarks about the general undesirability of blacks in uniform, he is shot dead, at point-blank range, by the cop.

The rest of the play takes the form of a series of dialogues in which the cop discusses with his wife, his father, his best friend and his police superintendent what he should do. Clearly he has a choice: He tells the truth, pleads guilty to manslaughter if not murder, and goes behind bars for 20 years; or he lies, claims that the thief was still armed and that he therefore was shot in self-defense.

We are not told, until the very last moments, which option he is to go for, although McIntyre has constructed his play so simplistically that it is not difficult to guess.

The cop, impressively played by Hugh Quarshie, has survived a year in Vietnam without bloodshed, but has come home to a world in which he believes blacks are still getting an impossibly raw deal. What we therefore get for the last nine-tenths of "Split Second," is a static debate about the nature of being black and a black cop in a white society, and though McIntyre has neatly ranged the cop's wife on one side of the argument ("Shut up and prove you're not a liar"), it gets no farther than first base.

For though he has managed to write an acidly funny monologue for the doomed white car thief, one that embraces a host of humanity worthy of Archie Bunker, McIntyre is oddly unable to write for (or against) Buddy Holly what Alan Bleasdale is attempting at the Phoenix: Elvis Presley's behalf in "Are You Lonesome Tonight?"

Indeed, Woods has only the most fractional interest in Buddy; for the purposes of this play he might as well be Janis Joplin, Jimi Hendrix or, for that matter, Nellie Melba. We are in fair territory: The central character is not a dead superstar but a fairly live coffee-bar waiter, Derek Duckworth, whose ambition is to meet Holly and to get to look and sound as much like him as possible.

To remind us what this entails, we have a Holly look-alike (Pike Butler) and a couple of attendant guitarists on a raised platform above the stage to belt out a few Holly hits during scene changes. But all the action takes place in the cavern below, at least until the final and awful moment when Duckworth, having won a "Meet Buddy" contest, actually does so and has his life ruined in the process.

Quite how, it would be unfair to divulge. What is intriguing about Woods (new to me as a writer though an old hand at putting together musicals for the New Vic on tour) is the way he has perfectly remembered the awful gulf that lay between American rock stars of the late 1950s and their British fans — a gulf not just of the Atlantic but of money, style, everything. Where Holly seems literally to glitter with



Shalom Hanoch

Dutch Group Carves the Cake Of Subsidies to Jazz Musicians

By Michael Zwerin
International Herald Tribune

AMSTERDAM — The Dutch Improvising Musicians Association, BIM, is fortunate to have its headquarters between Waterlooplein and Nieuwmarkt, where the flea market, "heroin city" and the garbage-barge terminal once were. A new city hall, or Stadhuis, and an opera are under construction in this central district, now called "Stopera." With new lodgings, cafés and boutiques, it is being compared to the Marais in Paris.

BIM received a renovation grant of 500,000 guilders (about \$150,000) from the city to upgrade its headquarters, the Bimhuis, along with the neighborhood. In addition, the Bimhuis, a combination union hall, rehearsal studio, bar and concert hall, is supported by a 1.5-million-guilder yearly subsidy funneled through a complex structure of state, municipal and cultural entities. A committee of musicians chooses the recipients. "It's not a nice position to be in, musicians judging other musicians," said the managing director, Huub van Riel. "But it's better than some government functionality doing it."

When BIM was formed in 1974, Dixieland jazz was excluded for lack of improvisation and self-supporting commerciality. A more subtle problem arose in the 1980s when the first students emerged from the new Dutch jazz schools. Many of them play "clone" or "third-generation" bebop, imitating, for example, such tenor saxophonists as Eddie Daniels, who imitates John Coltrane. Judged not to be improvising, they are frequently refused subsidies.

Because of the one central source of money, and the public policy decisions required to disburse it, the Dutch situation provides an enlightening focus on a condition general in jazz worldwide. Stylistic definitions are no longer clear. Dixieland can be creative once more. Is salsa jazz? BIM's co-founder, Hans Dulfer, was recently refused a grant because he was judged to be playing rock.

The Netherlands is one place where it can be said, without irony: "I'm a jazz musician but I'm only in it for the money." Minimum scale for a BIM member is 250 guilders a night. Dulfer says he cannot afford to pay his young rock rhythm section more than about half that. "They don't get a subsidy," he said, laughing. "But most rock musicians hate the BIM scene. They think it's a museum. They don't even want the money if they could get it."

Dulfer, one of the best-known Dutch musicians, sent a barrage of bitter letters to the press, and

attacked the BIM "bureaucracy" on radio talk shows. "They said my music was no longer jazz. It's an old story. The Dixielanders said swing wasn't jazz, the swing players said it about bebop, bebop about free jazz and then the free players about fusion. You know, revolutionaries always become conservatives for the following generation," he hesitated. "Except Miles [Davis] and me. I don't want to compare myself musically with Miles, but we are thinking in the same direction.

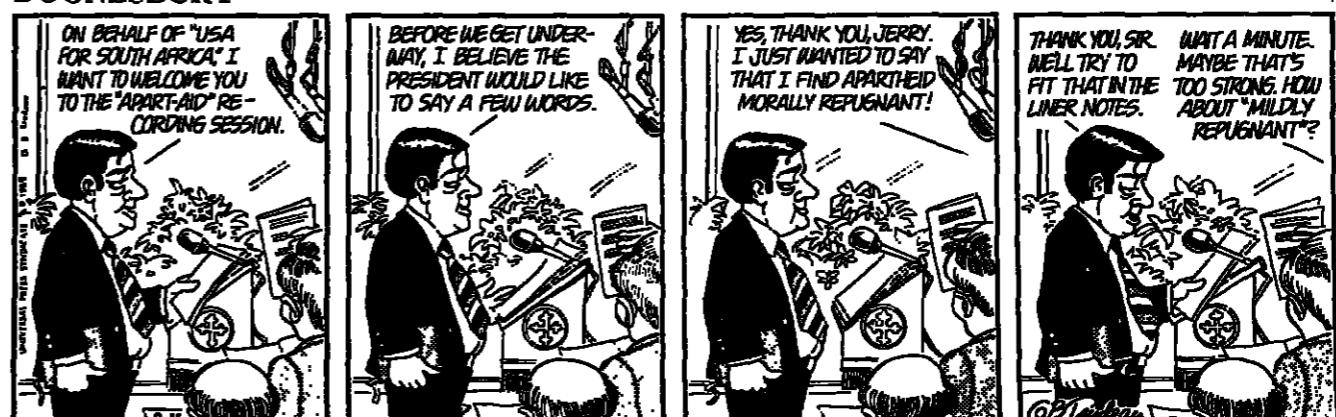
"Take these young beboppers. Sure, they play from books. Most of it isn't that creative. But they're 20 years old, they just got out of school, they don't know anything else. So the BIM turns them down because they supposedly don't bring anything new. But I think it's wonderful that these young guys are keeping the tradition alive. Some of them just need the opportunity to learn how to express what they have to say. They should be asked in, not kept out. In my opinion the committee that distributes money should act like a traffic policeman. But they think they're the FBI."

The controversy has had some positive effect — the BIM committee has recently broadened definitions. In any case, out of 429 requests for subsidies in 1984, only 67, 16 percent, were denied. These applications cover individual engagements for which a promoter or club owner must pay at least 50 percent — the subsidy makes up the difference.

"There are three criteria," van Riel said. "First, is the music improvised? Then we keep track of the places that hire the bands. If a club can afford Art Blakey the week before, they probably don't need as big a subsidy as some smaller club. And the group should be together for musical, not purely commercial, reasons. There are no clear boundaries, and in a way it's shameful to have to make such distinctions, but by definition we must recognize certain limitations."

In 10 years, the subsidy has gone up sixfold from an original 250,000 guilders. The BIM club will produce about 160 concerts in 1985, preserving a balance between Dutch and foreign musicians, and between styles. This month the program includes an avant-garde English saxophonist, Evan Parker (Sept. 12), an old-timer American pianist, Art Hodes (Sept. 20), a young French Gypsy guitarist, Bireli Lagrene (Sept. 27) and a bebop trumpeter, Art van Rooyen (Sept. 28).

Van Riel pointed out that since BIM's renovation was completed late last year, average attendance had gone from about 90 to 150 per concert. "We consider the BIM a success."

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INTERNATIONAL Herald Tribune

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Sanctions Against Pretoria

President Reagan's switch toward selective economic sanctions against South Africa may simply represent a desire not to see Congress writing him off as a lame duck when he has more than two years left in the White House. Or perhaps he does not want to approach his November meeting with Mikhail Gorbachev tainted by domestic defeat. Whatever his motives, they matter less than the results his decisions will have in South Africa. Here the betting is pretty even — which may justify Mr. Reagan's long reluctance to move more actively against Pretoria's reprehensible two-nation policy.

Trade sanctions, even in those cases when they are internationally coordinated, have historically been an ineffective weapon. This is as true of the attempt to stop Mussolini's attack on Ethiopia as it is of the challenge to the white regime in Rhodesia. Refusal to sell South Africa the goods it needs is a step it can circumvent by recruiting trade through third countries. And refusal to buy Krugerrands will at best prove inconvenient for Pretoria: The gold coins can be sold elsewhere, in different forms.

The disruption of capital flows could prove more damaging. But this may not need action by the United States, or by any other nation. Banks may be reluctant for awhile to lend to a country whose immense riches can (almost literally) be undermined.

INTERNATIONAL HERALD TRIBUNE

Don't Rock the Fed's Boat

The White House is making an important mistake in dawdling over the next appointment to the Federal Reserve Board. In June one of the board's members, Lyle E. Gramley, said he was going to resign. He has now departed, but President Reagan has done nothing visible about a replacement. That encourages speculation that the president is waiting until January, when Charles Partee's term expires and another seat opens. Since Mr. Reagan has already appointed two of the board's seven members, the vacant seats would give him a majority. As the delay over the first seat continues, the struggle over this possible majority is becoming increasingly polarized and polemical among the various denominations of conservative economics.

Mr. Reagan does not disguise his opinion that economic doctrine makes little practical difference one way or the other. He appoints people to economic policy jobs the way the mayors of big cities sometimes choose among their ethnic constituencies for seats on the Sanitation Board — not based on who is right, but rather who is entitled to recognition. It is one thing for the president to appoint the Council of Economic Advisors that way, but the Federal Reserve Board has actual operating responsibilities of formidable dimensions. It exerts a large day-to-day influence over the national economy — a larger influence

— THE WASHINGTON POST.

Other Opinion

Gandhi's Gamble in the Punjab

[Prime Minister Rajiv] Gandhi is involved in his biggest gamble yet, the Punjab elections. On that issue he has staked his entire record. The immediate and most worrying concern is security. The fear is that Sikh extremists may seek to disrupt the elections. If terrorists do unleash a campaign of mass killings, much more than the elections will be washed away in the bloodshed. They could easily provoke a communal backlash from angry Hindus, both inside and outside Punjab. If this were to happen Punjab would once again collapse under the weight of its own discord.

— The Times (London).

Reagan and the Sanctions

Mr. Reagan has implicitly admitted that his theory of "constructive engagement" toward Pretoria's racist regime has failed. The "punishment" he has decided to inflict on South Africa seems to have been dictated by domestic political needs, not moral considerations. The president has defused the conflict that would have ensued with Congress if, as was expected, it had voted for tougher sanctions. Unlike Mr. Reagan, who is not eligible for reelection, many senators and congressmen are sensitive to the negative effects of widespread public opinion toward a regime that the president himself calls "repugnant."

— Le Monde (Paris).

FROM OUR SEPT. 11 PAGES, 75 AND 50 YEARS AGO

1910: Reform Urged After Torero Dies
SAN SEBASTIAN, Spain — Letters from Murcia, giving details of the tragic death of the torero Pepe in the bullfight there, are thrilling with horror by the many Spanish opponents of the barbarous spectacle. Although no Spanish Government would dare defy the taste for the "corridas de toros" there is a universal cry for reforms announced by Señor La Cieva, which he was unable to carry out after the fall of Señor Maura's Cabinet. Reforms included the refusal of permission to young and inexperienced "matadores" to enter the ring. Pepe had only three years' practice, which is not considered enough for receiving the "alternativa" title of "matador." The title bestowed upon the neophyte by one of the masters, who hands him a sword in public. After this, he is considered to be "de carte" and is entitled to fight bulls of the most dangerous breeds.

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Reagan wants access to the Soviet media.

Gorbachev: His Dominance Is Not Complete

By Stephen F. Cohen

P RINCETON, New Jersey — Six months after Mikhail Gorbachev became general secretary of the Communist Party, most Western commentators have concluded that he is already the undisputed master of Soviet power and policy. But the real situation is different, as indicated by articles in the Soviet press and by conversations with officials in Moscow. Mr. Gorbachev is secure as party leader, but his plans for "deep transformations" in the economic system have encountered stubborn opposition even at top echelons, as he admits, and his power to legislate such reforms, much less to have them implemented, remains limited.

That the struggle continues should come as no surprise. Soviet political succession has always been a long drama, never a single act. Every new party leader has needed years of patronage, compromise and coercion to extend his authority over broad policy realms. And the fundamental conflict over the Stalinist economic system is now in its fourth decade. Every general secretary since Stalin has sought major changes in the economy, but none has succeeded.

Now the leadership changes announced since March suggest that Mr. Gorbachev is as dominant as he is portrayed in so many Western accounts. Except for Grigori Romanov, his only plausible (albeit weak) rival for the general secretaryship, no one has been removed from the Politburo. Its 13 voting members still include five aged but influential survivors of the conservative Brezhnev era — among them Nikolai Tikhonov, the 80-year-old prime minister whose government bureaucracy forms the center of opposition to reform.

As for the other voting members, including four promoted under Mr. Gorbachev, there is no reason to assume they are merely his political creatures. Like Mr. Gorbachev, several are relatively young, reform-minded men who rose rapidly under Yuri Andropov. But once promoted, former loyalists often turn out to have different ambitions, as both Nikita Khrushchev and Leonid Brezhnev discovered.

Moreover, Andrei Gromyko's elevation from foreign minister to president can hardly be interpreted as a victory for Mr. Gorbachev. The view that Mr. Gorbachev "kicked him upstairs" in order to seize control of foreign policy assumes that Mr. Gromyko had monopolized the field and had opposed the new general secretary. There is no evidence for either. Major foreign policy decisions are made in the Politburo, where Mr. Gromyko remains a full member.

Most significant, Mr. Gorbachev himself did not get the ceremonial presidency, which was sought and won by the three preceding party leaders because it gave them head-of-state status in international affairs. His public explanation — that he was too busy with domestic problems —

As the president heads into the rough waters of his second term, Mr. Regan is big stuff in the White House. He has been indisputably in charge since taking over from James A. Baker 3d in February, and has been virtually a deputy president since Mr. Reagan's surgery.

Departing from tradition, Mr. Regan saw to it that he was introduced at presidential speeches. He organized the White House in a hierarchical fashion that he preferred to describe as corporate, becoming the funnel to the president for other aides who might have brought unpleasant information. Only Vice President George Bush and the president's national security adviser, Robert McFarlane, have independent access, and Mr. Regan's men have denigrated Mr. Bush and made no secret of their dislike of Mr. McFarlane.

By his own account, Mr. Regan does not desire to change the president's thinking. Instead, he has urged Mr. Reagan not to demonstrate "weakness" by compromising with his critics.

Many Republican officeholders

By Lou Cannon

The writer is a professor of politics at Princeton University and a frequent commentator on Soviet affairs.

Regan's Failings as Prime Minister'

By Lou Cannon

Remember when things go right that Regan had something to do with it, however little?

Mr. Baker would never have put down the president with this faint praise of himself.

Mr. Regan's aides seem more loyal to him than to the president. One subordinate credited Mr. Regan with resolving the TWA hostage crisis and with congressional approval for the production of 50 MX missiles. In fact, Mr. McFarlane was the point man on the hostage crisis, where the president showed skill and restraint and was architect of the MX accord.

The real question in the White House should not be who is responsible for Mr. Regan's victories but who is willing to warn of defeat that may lie ahead. On this score, Mr. Regan has been tried and found wanting. He refuses to take seriously the assertion of Senate Republican leaders that the administration is fleeing from its responsibility to address the budget deficit. He does not see it as his role to open the president to a variety of options, although Mr. Regan tends to shine when offered choices that go beyond ratification of his prejudices.

Neither ego nor ideology is Mr. Regan's biggest problem, however. He has been hurt most by political inexperience and failure to recognize that politics is a special art about which he knows very little. It is doubtful that Mr. Regan, at Merrill Lynch, would have employed a political whiz who did not know a stock option from his elbow, and his contempt for politicians and what they have to teach him is ill-conceived.

Mr. Regan has much to recommend him. What he lacks in political understanding, he makes up for in directness and candor. He has had the courage to attach his name to his opinions. It is certainly no mystery why the president likes someone who shares his outlook, optimism, competitiveness and robust good humor to the degree that Mr. Regan does.

But at a time when the president desperately needs to set aside some cherished fallacies — that the deficit will disappear through growth, or that the South African government is "reformist" — his chief of staff does not seem up to the task.

The Washington Post

LETTERS TO THE EDITOR

Nuclear Asymmetry

Regarding the editorial "The Other Talk in Geneva" (Aug. 31):

The distinction between nuclear and non-nuclear weapons countries was not created by the Nuclear Non-Proliferation Treaty. It predates the treaty, which was meant not to correct the asymmetry, but to prevent a bad situation from getting worse. The nuclear asymmetry is tolerated by an overwhelming majority of nations. But to keep U.S.-Soviet arms control separate from the problem of nuclear proliferation in the rest of the world, as suggested by the editorial, may in the long run be impossible. As long as the nuclear powers act as if nuclear weapons were politically and militarily useful, some non-nuclear weapons countries may feel that they too must obtain these advantages.

JOZEF GOLDBLAT.

Geneva.

In China, A Guarded Relaxation

By Anthony Lewis

SHANGHAI — We were walking on the Bund, the famous waterfront esplanade here, when a young man came up and asked, in English, "Where are you from?" Massachusetts. "Ah," he said, "the Bay State."

In a minute a dozen other young people had crowded around and joined the conversation. They had learned English in school, in college, in one case in a mining institute. They knew a lot about the United States. One said a university classmate of his was at the Massachusetts Institute of Technology as a visiting student.

It happens all the time in China nowadays. People are eager to try out their English, and they have no hesitation in striking up conversations on the street. Yet just a few years ago the Chinese feared any contact with foreigners. The briefest encounter could bring a police warning or worse.

This is a relaxed country, in comparison with the recent past — and in comparison with the Soviet Union. Unofficial magazines and vulgar tabloids are printed and sold everywhere. Copying machines, which are closely controlled in the Soviet Union, are readily available here; there are Copy Shops identified by signs in Chinese and English.

But one must beware of thinking that China is a free society in the Western sense. It is a one-party state whose constitution condemns the use of "any means whatsoever to undermine the socialist system."

Criticism of past policies is acceptable, indeed eagerly offered. But people are much more guarded about current events. Yes, corruption scandals are aired in the official press, and management of institutions criticized. But there is no open debate about fundamental policy.

Americans pay less attention to human rights questions in China than in the Soviet Union. That may be because of a tendency to romanticize China. Or it may be that Americans simply do not know the Chinese Sakhars. But here also there are some who yearn for greater freedom.

For a brief time those feelings were allowed expression in posters on Beijing's Democracy Wall. The leading figure in that movement, Wei Jingsheng, called for real democracy and individual rights guaranteed by law. But in 1979 the experiment was crushed and Mr. Wei sentenced to 15 years in prison for "counterrevolutionary" propaganda and passing "military secrets" to a foreigner.

His case evidently troubled the leadership. Last year Amnesty International said Mr. Wei was reportedly being held in solitary confinement. But current reports say he is being well treated, not required to work and allowed books and visitors. Some think he may be released soon.

In fact, official policy on freedom of speech has wavered lately. Hu Qili, a key figure in the party secretariat, called for "freedom of literature and art" in a speech to the Chinese Writers' Association last January. Some well-known journalists then wrote that their profession, too, needed freedom — with legal guarantees.

But in February, the party chairman, Hu Yaobang, said that while "there must be complete freedom of creation in literature," journalism must not "copy this slogan." Journalists' function was "very different," he said; it was to be "the party's mouthpiece." That line was said to be pushed by the chief party propagandist, Deng Liqun, but then in July he lost his job.

Behind the uncertainty is the fear that too much freedom will lead to chaos. It is an ancient fear in China, a huge, diverse country held together by tyranny for most of its history.

It will not work to take Western technology without Western freedom to express individual ideas, one intellectual told me. "In China, officials are too used to stating their ideas and having people follow." But others say that Western "decadence" must be kept out.

One great reality may limit retreat from today's relatively relaxed atmosphere. That is the memory of the Cultural Revolution, with the brutalities it inflicted on so many. But even that is not certain in so many sharp changes.

When an editor said young people scorned the absurdities and horrors of the Cultural Revolution, I asked: So those bad times cannot return? He answered: "It should be so, and I hope it will be so."

The New York Times

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Serving the Public, and the Pocketbook

By William Safire

WASHINGTON — Politicians are making money as never before, and that is wrong. Public service should not be such a direct road to private gain.

David Stockman spent four years drawing a relatively low salary as head of the Office of Management and Budget, then swung a \$2-million deal for his memoirs. In effect, the fame he gained in his job supplemented his government salary by \$500,000 a year.

House Speaker Tip O'Neill and Jeane Kirkpatrick have signed million-dollar book deals and Mrs. Kirkpatrick will get an additional \$1 million for lectures. Nothing new there: Ever since Mark Twain made it possible for the dying Ulysses Grant to get out of debt by writing memoirs, public officials — and especially former presidents — have cashed in after going out.

Me too. I was making \$28,000 as a White House speechwriter, and contracted for a \$250,000 book advance when I departed. After the Nixon fall, the publisher reneged (watch that acceptability clause!) but the principle is the same: The salary of the person in power, or in proximity to power, must now be calculated by combining his public pay with his post-public bonus for being celebrated or spilling what he has learned. The formula: Real salary equals public pay plus private bonus divided by years in office.

So what's wrong? Does the lure of memoir mega-bucks not increase the amount of information available about the inner workings of government? Doesn't almost everyone who invests time in government come out more valuable in the private sector?

Sure, sure, and no true free-enterpriser will knock the auction market for enhanced talent. But something else is afoot. Book-contact bonanzas and media-bigie status are no longer surprise bonanzas from public service. That bonus of celebrity is now factored into almost every political career plan. The altruism that used to attract good people to politics is passe. So is simple power lust. The whopping new profit in high-level politics is stripping the profession

I The New York Times

LETTERS TO THE EDITOR

National, Not a Citizen

Allister Sparks, in his revealing

opinion column "So Botha Changed His Mind and Thumbed His Nose" (Aug. 20), writes about Mr. Botha's intent to draw "a semantic distinction between 'citizenship' and 'nationality.'" The distinction is not just semantic, witness the language on U.S. passports: "The Secretary of State of the United States of America hereby requests all whom it may concern to permit the citizen(s)/national(s) named herein to pass without delay or hindrance," and so on.

This causes problems for naturalized citizens, like myself, when filling out boarding passes or hotel cards. A native American is a U.S. national, but a naturalized citizen is only a "citizen." So one cannot legally give one's nationality as "American."

ALEXANDER S. REINHARDT.

Lisbon.

INSIGHTS

Discontent Of Yugoslavs Dims Tito's Reputation

By Michael Dobbs

Washington Post Service

BLED, Yugoslavia — The historical reputation of Josip Broz Tito, one of the most colorful of 20th-century leaders, seems ripe for reassessment.

It is more than five years since the death of the Moscow-trained Communist who led a guerrilla uprising against German occupation and went on to win a trial of strength with the Soviet dictator, Joseph Stalin.

Here in the Alpine surroundings of Lake Bled, where Yugoslavia's prewar kings retreated for the summer, Tito's old villa has just been reopened as a luxury hotel. Tourists wander through marble halls decorated with frescoes of Yugoslav partisans blowing up Nazi tanks in World War II and hucky women laboring to reconstruct a devastated country.

Elsewhere in Yugoslavia, productive uses gradually are being found for the chain of palatial residences specially constructed for Tito. Some have been turned into museums. Others have been handed over to the local authorities as villas for distinguished foreign visitors.

The "de-Titoization" process may not have been as startling as the political upheavals that took place in Spain after Franco or China after Mao. But to a foreign journalist returning to a country that he knew well while Tito was alive, the changes are nonetheless dramatic.

Tito's political heirs have discovered that they have inherited a potentially explosive combination of economic strains, popular discontent and national interest.

The political atmosphere is freer now than it was five years ago but, in material terms, Yugoslavs are much worse off. People grumble more openly than they ever did before. There is a widespread mood of disillusionment and frustration, as if the country is sinking slowly while the politicians argue among themselves.

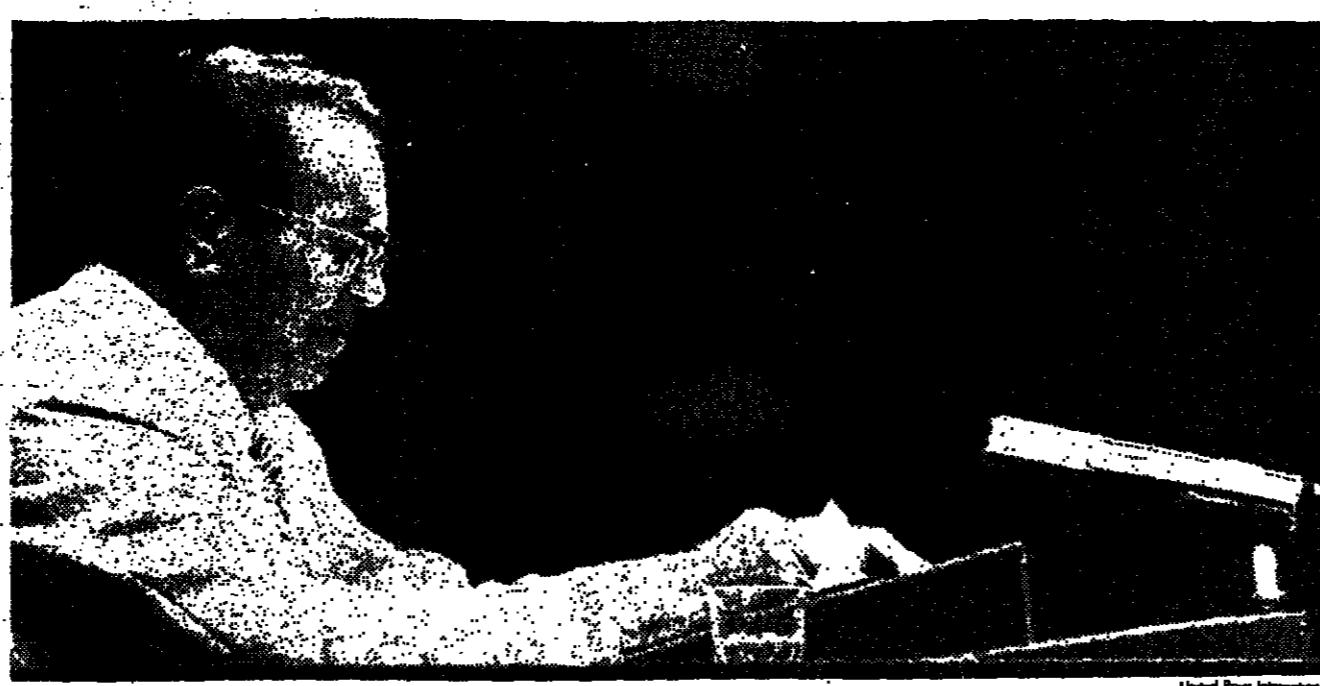
Tito himself seems to have faded into history. To be sure, his fatherly portrait continues to gaze down from hundreds of thousands of office walls and his tomb in Belgrade still is a place of pilgrimage. But his personality and achievements no longer seem all that relevant.

"People understand that Tito left behind a system that cannot function," remarked Mihajlo Markovic, a dissident philosophy professor at Belgrade University. "Increasingly his name is not mentioned or, when it is, nobody reacts."

To maintain the delicate balance among the country's different national groups, a collective leadership representing the six republics and two autonomous regions now governs the Yugoslav federation in a system of long consultations and rule by consensus. It is almost a recipe for perpetual stalemate.

"There is a political vacuum," commented Dusan Biber, a historian from Slovenia who fought with the partisans during the war. "Nobody has tried to replace Tito. If anybody did, it would be a farce."

THE mood of ordinary people was captured in a plaintive letter to the Belgrade weekly *Nin* a couple of weeks ago: "People have begun to lose confidence both in each other and in a political leadership which either is not able to carry out its own decisions and



Tito at 86, at a nonaligned conference in 1978, two years before his death.

resolutions or carries them out very slowly. People are losing hope."

Inflation has soared as the government struggles to pay back foreign debts of more than \$22 billion accumulated in Tito's last decade. Unemployment is rising. Living standards are back at about the level of the mid-1960s, in the opinion of many economists.

Under pressure from the International Monetary Fund and Western banks, austerity has been imposed. But leaders seem unable to agree on political or economic reforms.

The roots of Yugoslavia's present crisis go back to the aftermath of World War I when the country came into being as the kingdom of Serbs, Croats and Slovenes. Uniting the South Slav ("Yugo-Slav") states after so many centuries of separation proved a difficult task.

After the second World War, Tito sought to

— but there always was someone to knock their heads together in the event of a crisis. Now, by contrast, Yugoslavia is suffering from a combination of excessive political interference in the running of the economy and a paralyzed decision-making apparatus.

"The basic reasons for our economic crisis are political," insisted Vojislav Stanovic, a professor of political science in Belgrade. "We can live with weak government as long as the economy does not suffer. The problem here is that the politicians control the economy."

In retrospect, many informed Yugoslavs now blame Tito for lack of foresight. Most of the ills afflicting the Yugoslav economy and political system can be traced directly to decisions made during his lifetime.

"Tito was a great politician in the sense that he was brilliant at achieving and holding onto

come instead a confederation. A recent study showed that the level of trade among the Yugoslav republics has been decreasing steadily and now is proportionately lower, in terms of percentage of national income, than trade among different West European countries.

For the outside world, the key question of course is whether the tensions that have surfaced in Yugoslavia over the past few years can be contained or whether the country is headed sooner or later for an explosion. Given Yugoslavia's sensitive geo-political position, any social upheaval here could have important consequences for both East and West.

There are plenty of alarmist scenarios around. Their point of departure is the assumption that the present stalemate cannot continue forever. Some kind of popular revolt or pre-emptive strike by the ruling bureaucracy to preserve its privileges cannot be ruled out.

"There are so many potential conflicts here," said a Belgrade intellectual. "This country could turn into a Lebanon within a few months."

Yugoslavia's very complexity, however, acts as a kind of guarantee against dramatic political shifts. In a country of half a dozen different nationalities, and even more ethnic minorities, there is no such thing as a unified political class. Nor is there a unified political opposition. The rival nationalisms have a tendency to cancel each other out.

"Workers in Zagreb would never unite with workers in Belgrade," commented Mr. Stanovic, explaining why an all-Yugoslav protest movement along the lines of Poland's Solidarity trade union is impossible to conceive in Yugoslavia.

A much more likely form of protest — and one that already has been occurring to some extent — is the passive go-slow. When water supplies failed in the Serbian town of Krajevo a few weeks ago, there were no public demonstrations. But production in local factories is reported to have dropped by about 30 percent.

"Rebellions happen in times of prosperity," said Mr. Boskovic. "These days people rebel in a way that is typical of Socialist countries: They simply stop working."

Yugoslavia's new leaders acknowledge that the economic and social climate has worsened since Tito's death. But they insist that widespread popular support for Tito's policies of independence and nonalignment abroad and workers' self-management at home have helped maintain the country's political stability.

"People may want to get rid of us," joked Mr. Ribicic about politicians, "but they want to keep the system."

Wobblies Struggle To Keep Union Alive

By William A. Serrin

New York Times Service

CHICAGO — The convention got under way an hour late. The masking tape broke loose and a banner fell off the wall. The report of the general executive board could not be presented. It was said to be in the mail. Another temporary chairman had to be elected to replace the first temporary chairman, who also was on the luncheon committee and had to go out for food.

Yet, when the Industrial Workers of the World gathered here last month, it was a satisfying convention at that.

Only 22 Wobblies (the group's nickname, some say, was derived from a mispronunciation of the abbreviation IWW) were on hand. But this remnant of the famous radical union was committed to keeping alive the old group, which was dedicated to the formation of "one big union" and probably was the most storied organization in the history of the American labor movement.

The weekend meeting here was the 43rd general convention of the IWW, founded in June 1905 in Chicago by 112 resolute radicals, including William D. Haywood, the Reverend Thomas J. Hagerty, Lucy Parsons, Daniel de Leon and Eugene V. Debs.

The union, which embraced all industries and aimed to abolish the wage system and create a new order, achieved its greatest vigor from 1915 to 1918, with a membership of perhaps 30,000 people. But it was confronted with internal dissension, iron-willed employers and government law enforcement agencies. Its strength waned after World War I, leaving what Melvin Dubofsky, in his book "We Shall Be All: A History of the Industrial Workers of the World," called an "invaluable legacy" for Americans who favor "direct action, passive resistance and civil disobedience."

The Wobblies, however, are still organizing. Drives are under way among apple pickers in Washington, education workers in Ohio, printers in Michigan and shipworkers in Alaska. The group represents workers in about 15 shops, mostly typesetting. Membership in 36 states, Europe and Guam, now is 500 to 1,000, up from about 100 in the 1950s, according to Jon Bekken, IWW general secretary-treasurer.

Mr. Bekken, a typesetter from San Diego who joined the Wobblies in 1978, said he sees a renaissance for the IWW. The economy will stagnate, he said, and the IWW, with a base of slow, steady growth, will be the "instrument to launch a dramatic growth."

"I just got Lane Kirkland's Labor Day message," Mr. Bekken said. "He says the labor movement is stronger than ever. I just don't believe it." He told the convention delegates: "It's quite clear at the AFL-CIO and the business unionism it represents is failing."

In May 1986, the Wobblies will host in Chicago an international conference of militant unionists to discuss unemployment, working conditions, transnational employers and other labor matters.

It soon will begin selling a 1986 calendar to mark the 100th anniversary of the Haymarket fight, in which laborers who were demanding an eight-hour workday demonstrated in Haymarket Square, led by a small group of radicals. When the police attempted to break up the protest, a bomb exploded and a riot ensued. Seven policemen and four other persons were killed and 100 were wounded. The eight leaders of the protest were tried and convicted of inciting the riot.

Mr. Bekken said the IWW never died either.

Carlos Cortez, a long-haired man in a big hat, was elected temporary chairman, following an IWW tradition. If the general secretary-treasurer acted as chairman, he might "dominate you or railroad you," Mr. Bekken told the delegates.

Addressing each other as "Fellow Workers," reports from IWW regions, or branches, were quickly made. Activities were reported in cities around the nation.

The recording secretary, Allan Anger, told the members they had to make written reports in addition to their oral reports. "I'm not going to write all this stuff down," he said.

Mr. Bekken, a thin, articulate man who earns \$275 a week as general secretary-treasurer, said he knows the IWW is small. But he, like other Wobblies, does not believe he is beating his head against a wall.

"It's hard for us to organize when people are real scared of losing their jobs," Mr. Bekken said, echoing complaints of mainstream unions.

"Capitalism is not about to collapse" because of IWW activities, he added.

"I never died" an old labor anthem says of Joe Hill, the Wobbly martyr, convicted of murder and executed by a firing squad in November 1915 in Utah.

Mr. Bekken said the IWW never died either.

Profiling: Stalking a Criminal's Mind

By Bob Baker

Los Angeles Times Service

LOS ANGELES — It was 1956. New York police officers, frustrated in their efforts to catch a man who was setting off bombs in movie theaters and other public places around the city, asked a psychiatrist, James A. Brusel, to study the letters and other evidence that the so-called "Mad Bomber" had left behind.

Mr. Brusel's conclusion: The suspect was a quiet, methodical paranoid East European man from 40 to 50 years old who lived with a maiden aunt or sister in a Connecticut city, and when the police caught him he would be wearing a double-breasted suit, buttoned.

When the police arrested George Metesky, of Waterbury, Connecticut, they found Mr. Brusel's profile was extraordinarily accurate, right down to the suit.

It is telling that the episode remains the finest moment in the much-romanticized art of psychological profiling, a process in which an unknown suspect's next move is predicted by the clues he leaves behind.

Today, the Federal Bureau of Investigation maintains a vaunted computerized profiling operation in Quantico, Virginia. Portrayed as "mind hunters" by a wave of favorable publicity, profilers handle 300 referrals a year from local law enforcement agencies who are looking for serial killers or rapists.

However, if past cases are any indication, the bureau's descriptions contain little that leads the police directly to the criminals.

The best the profile probably will do is save detectives valuable time by winnowing out many tips that have pored in.

"It's not going to tell you that he's a blue-collar worker who goes to church three times a week," said Robbie Robertson, a former Michigan state police captain experienced in serial murder cases.

"Killers don't leave that much information at the scene about their personalities," said Dr. James Alan Fox, a criminal justice professor at Northeastern University in Boston who coauthored a book this year on mass murderers.

Bob Keppel, a member of the Washington state attorney general's office, said: "They're not really telling us anything new." Mr. Keppel spent four years as chief detective in the search for Ted Bundy, a serial killer, and is now a consultant to a task force seeking the "Green River Killer," who has murdered numerous prostitutes in Seattle. "What they're telling us are things they think are most prominent in a case."

The basic advantage that the FBI's profilers have over local investigators in correlating clues and behavior is experience.

Since 1978, agents in the FBI Academy's Behavioral Science Unit have been conducting prison interviews with murderers such as Charles Manson; David Berkowitz, who is serving time in prison for the "Son of Sam" murders

NIGHTSTALKER MURDERER INFORMATION WANTED



is New York; and Richard Speck, who murdered eight student nurses in Chicago in 1966.

Nearly 50 murderers have answered a 57-page questionnaire that examines details such as how the killer approached his victim, what he said to the victim and how he reacted after he killed.

Advice given in past cases provides a glimpse of the areas on which the profilers have concentrated:

• Did the killer stab the victim's sex organs? The more vicious that kind of mutilation, the greater are the odds that the killer knew the victim.

• Did the killer use whatever weapon was available, such as an iron fireplace accessory? That indicates that the act was impulsive, and should lead detectives to suspect that the killer came on foot. If the killer brought his own weapon, he probably drove there.

• Does the killing appear to have been committed with sudden fury? That indicates a youthful killer, possibly nervous and determined to subdue his victim quickly. Similarly, the more methodical, sadistic murderer leads investigators to suspect a person in his 20s or 30s.

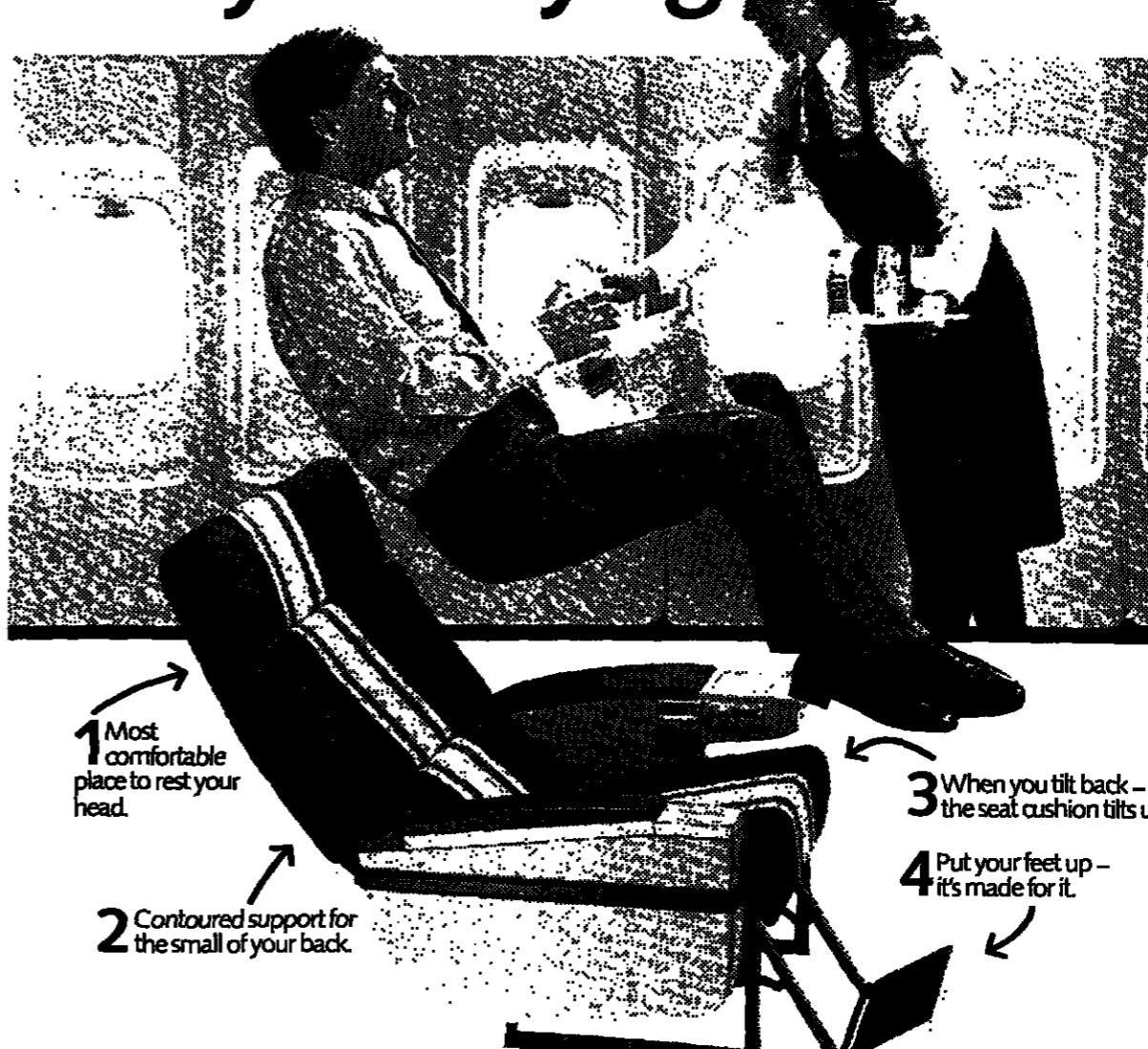
• Did the killer carry away an artifact, like a bracelet or a compact? He may be doing that so that he can later narrate the experience to himself.

• In the case of a rape, did the attack take place with anyone else around? That can indicate that the suspect has a self-styled "macho" personality.

• In a slashing, was the victim killed with a single slash across the throat? That should lead detectives to suspect that the suspect has killed before.

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Economic Developments in China

Learning to Live With the "Law of Value"

In an interview with the PRC Quarterly last October, State Councilor Zhang Jinghui discussed China's efforts to improve the performance of enterprise management, especially in regard to urban reforms. For 30 years before the reforms, China had been "eating from the same big pot," as reformers say. This meant that in practice no distinction was made between well-run and poorly-run enterprises, nor between employees who worked and those who just served time. Enterprises passed losses up to the administrators and they responded with direct subsidies and price protection. All then clung to the belief that everyone eating the same gruel was better than improving the menu; improvements implied that some would eat better than others.

But the menu was improved. The reformers did it by giving enterprises more discretionary spending, lending, and employee-management powers and responsibilities. First steps were taken to replace direct government-enterprise profit-and-loss-sharing with taxation. This system had the virtue of preventing entrepreneurs with glaring successes or failures from becoming enemies of the state, as they would have been in the past. State planners also acknowledged but deferred action on irrational pricing supports such as those on foodstuffs and exports. Councilor Zhang noted: "We must use the economic levers to realize planned targets. A clear understanding of the relationship between planned economy and the law of value is necessary." Planned economy demands a full use of the law of value."

A significant number of China's 400,000 state-owned enterprises, countless "sideline" industries developed in townships with new-found rural affluence, myriad individual fruit-sellers and hawkers and—most glaringly—freewheeling brokers working on one-man "bureaucratic companies" in the Special Economic Zones failed to get the message. Whatever the "law of value" means to state economic planners, to a lot of local entrepreneurs it meant a consumer-producer bonanza on the domestic market.

Everyone who could do so bought or took as a work-incentive bonus the consumer durables he'd been dreaming of for years: color televisions, tape recorders, washing machines, refrigerators, calculators, cars and small tractors. In consequence, imports soared 70 percent in the first half of 1985, leading to a trade deficit in foreign-exchange reserves. There was also significant redirection of production resources, with provincial industrial figures showing massive increases in manufacturing levels of consumer durables, as much as 200 percent in some cases.

Imports were made because of better quality, selection, status and the fact that some foreign goods are actually cheaper on the home market than their domestic equivalents. Local factories were after assembly-line equipment that enabled quick subassembly production of consumer products from foreign components—thereby redirecting financial and material resources to foreign suppliers.

There were also enormous scams, the most notorious being the purchase of almost 90,000 motor vehicles, nearly 3 million televisions and over a quarter of a million video recorders by Special Economic Zone authorities on Hainan Island. Using their special borrowing privileges with state banks, they requested and got \$1.5

billion and bought another \$570,000 in American greenbacks on the black market. This money was used to buy goods mostly from Japanese suppliers, which were resold on the domestic market at up to 300-percent mark-ups.

Pent-up demand and price controls that keep imports less expensive than domestic goods have acted as a deterrent to both



The latest in Chinese-made farm machinery displayed at the Canton Fair.

homegrown quality and exportation. Factory managers rushed quotas in order to earn bonuses to buy more of the goods for which their employees were also working. "Wish list" production targets and capital construction projects were pursued at the cost of efficiency and quality.

An unintended result of earlier reforms, which freed factory managers to decline the export of their goods, has been that they have often ceased to export. This is because export prices are still fixed by the state, often at much less than what can be earned on the domestic market. Robert Delfs, in the Far Eastern Economic Review, cited the case of a stocking factory in Jiangsu province near Shanghai which has ceased exporting for the first time in 20 years because the state foreign-trade corporation was offering 20 percent less than the factory's current sale price.

The factory director told Delfs: "This didn't matter before—any losses we incurred were covered by the state. But now we're responsible for our own losses. We're willing to export, but only if the price is right."

In March of this year China's leaders began putting on the brakes by freezing foreign-exchange payments and making it harder for certain transactions to get letters of credit. Consumer products may be held up indefinitely in ships off Hong Kong and Chinese harbors; the clamps are expected to stay down until year's end. The government has also introduced a customs tax on consumer

Continued on page VIII

CAAC Growing Fast

The brisk pace of China's current modernization is amply demonstrated by developments at the Civil Aviation Administration of China (CAAC) over the past 12 months. Following a series of well-publicized multimillion-dollar deals with Boeing, McDonnell Douglas and Airbus, the airline is rapidly building a modern fleet of jets. The quality and quantity of trunkline services between major Chinese cities has improved considerably, but still has a long way to go before catching up with the booming demand for air transport in China. Just as important to the overall success of the current economic reforms is the development of local transport infrastructures around growth-priority cities and the experimental Special Economic Zones.

Just as in the case of jet procurement, the CAAC is looking to Western manufacturers for new short-haul aircraft. In February this year the CAAC signed an order with Short Brothers of the United Kingdom for eight Shorts 360 regional airliners. The order represented the first sale of British aircraft to China since the Tridents in the early 1970s.

The Shorts 360 is a modern 36-seat turboprop airliner designed to match the vigorous demands of short-haul airline services. It offers the lowest purchase and operating costs of any type in its class and has built up an outstanding record of reliability since it first went into service two years ago.

The CAAC 360s will be used to supplement the fleet of aging Antonov and Ilyushin airliners on a short-haul network which will stretch from Beijing in the north to Guangzhou in the south. The two main bases for the aircraft will be the port of Shanghai and the heavy industrial center of Wuhan in Hubei province.

Shorts has been working very closely with CAAC in Shanghai and Wuhan to ensure that 360 services can start smoothly this summer. CAAC pilots and engineers have traveled around the

world to attend courses with Shorts, Aer Lingus and Pratt and Whitney. For many members of these groups, this presented the challenge of a first visit outside the People's Republic of China. For Shorts it was also a new and challenging experience. Only a few of the visitors could speak English, but a combination of carefully translated training manuals and visual aids together with the use of interpreters ensured that the training programs were successfully completed. Upon return to China, Shorts flying and engineering instructors have been present to continue training at the home bases.



Guangzhou's new international airport is an important link in the CAAC's short-haul network.

Hutchison Builds Its Trade Profile

"What will Hutchison look like in 10 years' time in China?" is a question its group managing director, Simon Murray, asks himself and his associates in the China Trade Division when assessing an approach to business opportunities under the new open-door policy. That division, under the leadership of Simon To since 1980, fields over 40 Hutchison staff members in Beijing, Guangzhou, Shanghai and Hong Kong.

With more than 90 percent of its activity and assets in Hong Kong, Hutchison has prospered over the last few years with post-tax earnings reaching (U.S.) \$131 million last year. Murray sees the recent agreements over Hong Kong's return to mainland control after 1997 as the first steps toward guidelines that will lead to what he calls "the next step after trading, investment in China."

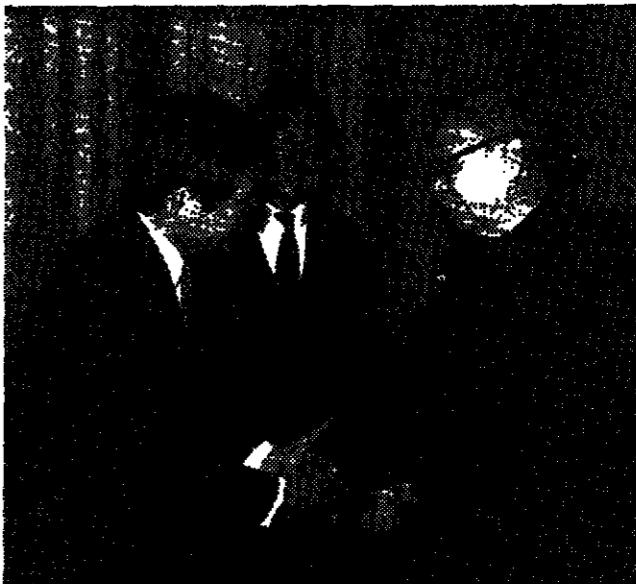
Hutchison's diversified brief already includes extensive direct trade with China, in support of the 10 or so major fields of business already undertaken in Hong Kong by the firm. "We already buy a lot from China," notes Murray, "over half a million tons of coal a year, textiles, foodstuffs for our supermarkets and so on. We also sell a lot, for instance our Watson's brand soft drinks and engineering equipment, and as representatives for products of international companies."

About half of Hutchison's major business lines are already tied in some way to trade with China. "I believe in dealing with China we must stick to businesses we understand and fill established needs," advises Murray. In the long term, he would like Hutchison's China activity to mirror its successes in Hong Kong in the fields of energy (they own 34 percent of Hong Kong Electric, which showed a profit of \$120 million in 1983), communications, retailing, food-products distribution, residential and commercial property development, container terminals, hotels, tourism and quarrying.

"Our own major future interests in China are focusing on container terminals, power stations, coal mining, food processing

and telephone systems," notes Murray. Representing others as principals, Hutchison has been involved in everything from equipment supply to the oil industry to providing Angora breeding rabbits for crossbreeding with Chinese counterparts.

"The problem with most China trade companies is that they are often too eager for early profits. So they are out from Day One running in different directions, often chasing rainbows," observes Murray. "Ours has disciplined itself so that it concentrates on specific areas where we have know-how or where we are sure there is a product need. We tell our China trading division 'Cover your costs but work for the longer term.' That is why they've developed specific target areas. We minimize wasted effort."



Simon Murray greets China State Councilor Ji Peng Fei while Simon To looks on.

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Textiles Soar and Carpets Fly in Export Market

Textiles comprise 35 percent of China's worldwide exports and are considered the most important area of its international trade. For instance, in the 10 years of its trade with the United States, its exports of textiles and garments to that country reached \$1.29 billion by 1984, making it the largest single customer for Chinese textiles.

Swan brand woolen goods from the Beijing Textile Corporation have become a standby of the world's largest textile producer, and will be featured among other products from Beijing at a Washington, D.C. exhibition and trade fair where a formal sister-city relationship between Beijing and Washington is expected to be announced. According to United States Embassy sources in Beijing and Hong Kong, the exhibition will open on Sept. 26.

China and the United States are in a dispute over a threatened imposition of more restrictive textile quotas. Under a proposed Textile and Apparel Trade Enforcement Act of 1985, China's imports to the United States would be cut by 35 percent to 58 percent. Most Asian nations who export textiles and garments oppose the bill, including the six members of the Association of Southeast Asian Nations and Hong Kong.

Beijing has been building two massive synthetic fiber production plants that will have the capability to produce 1,980 tons of material daily. That is enough to cover the world in synthetic cloth, but China's planners look to synthetic to provide domestic clothing needs so as to export more natural-fiber products. In 1983, China's per capita cloth consumption for its billion people was about 30 feet (10 meters) per year, already enough to meet basic needs. Design sophistication and better export marketing techniques are its industry's most pressing needs.

Milky Way

Shanghai's branch of the China National Textiles Import/Export Corporation has developed a world market for its Milky



A Sunday outing, Chinese-style.



This roadside library rents books for 2 cents apiece.

Way Trueran fabrics based on their proven ability to conform products to overseas requirements for color and whiteness, according to company literature. Fabrics are made from polyester and fine cotton in various blend percentages and a range of different designs. Fabric varieties include finespun, poplin, khaki, gauze, jacquards and yarn of hemp and flax.

Similarly, the colorfast range includes carefully dyed fabrics in a full range of hues and shades. Trueran white fabrics are said to have a pure whiteness, with fine luster and clear-cut texture. The technologies used in Milky Way Trueran fabrics include water-



proof processing and can incorporate features like drip-drying, non-ironing, crease-resistance, shrinkproofing, special draping and smoothness.

Bedding Down

There's a slang business expression that refers to partners in a successful deal as being "in bed together." The term applies aptly to the sheetmakers of Jiangsu. Importers from over 20 countries buy their wares, including the United States, Canada, Saudi Arabia and Malaysia.

The farmers of Jiangsu have mechanized production and their fields of cotton and silk have underpinned the growth of textile and garment industries here. This has been an area of textile towns since the 16th century. Textiles now account for nearly half



School uniforms are no longer obligatory.



An addition to the Chinese profile: sunglasses.

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of the provincial exports Suzhou is a silk-weaver's city; Changzhou, Nanjing and Wuxi feature cotton-spinning.

Jiangsu Forelast, Spring and Myra sheets are traditional Chinese exports that earned a revenue of over \$4 million in 1984, and company forecasters expect to do better in 1985. Jiangsu is well-known for quality materials and workmanship. Drill, herringbone and wave patterns are used to create sheeting with a smooth, soft texture.

There are several hundred Chinese and Western-style sheer designs in stock, featuring subjects like flowers, bamboo, animals, optical effects, checks and various abstract patterns. They come in a full color-range from pastels to bright combinations of primary hues.

Qingdao's Flying Carpets

Shandong's port city of Qingdao has its own version of "flying carpets," now being exported to Europe, the United States, Japan, Australia, Hong Kong, Macao and other Southeast Asian nations by the Shandong branch of the China National Native Product & Animal By-products Import/Export Corporation. Sea Gull brand carpets are an adaptation of traditional handicrafts to a contemporary market.

Fibers are brought down from the northern provinces, chrome-dyed into colorfast hues and hand-knotted by dexterous workers into patterns based on traditional designs in porcelain, bronze and lacquer ware. These are redefined into standard Sea Gull carpet styles: Beijing, Ethnic, Seltone Embossed, Scenic and so on.

Carpet production has not relied only on tradition, however. Here the Qingdao factories have carefully kept pace with quality requirements of overseas buyers. For instance, knitting line qualities have been upgraded and expanded from 30 to options between 120 and 300 lines. The carpets also wear well, holding their 5/8-inch (1.6-centimeter) thickness even under heavy wear.

Sea Gull carpets have kept certain traditions, like the classic 8-shaped knot for fastening the warp line, which protects against nap shedding. The carpets are also still washed with chemical detergents processed with the world-famous waters of Qingdao's Laoshan mineral springs.

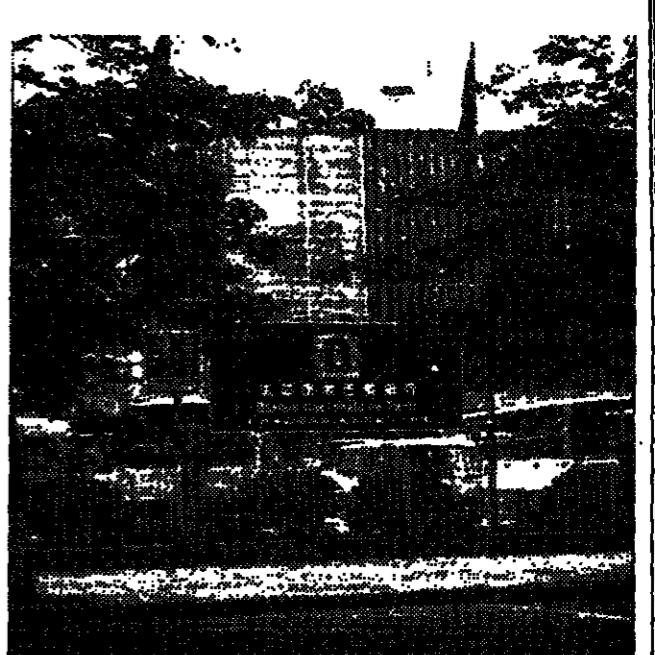
Woolen Landscapes

Carpets and tapestries are also the main products of the Jiangsu brand of the China National Produce and Animal By-products Import/Export Corporation, based in Nanjing. Carpets in wool, silk and velvet are their most popular items and the Jiangsu Cloud and Mountain brand woolen carpets are famous in export markets worldwide. A chemical washing process is used to render carpet colors more attractively and keep the carpets soft and resilient.

The Cloud and Mountain brand weavers take special pride in a landscape series based on the scenery of Jiangsu county, a style that has been highly praised by foreign buyers at the biannual Guangzhou trade fairs, according to company spokesmen. The woolen carpets are generally available in 70- and 90-line series, but can be made to buyers' specifications in form, design, size and pile thickness.



Sophistication in design is the coming thing for the textiles industry.



The Canton Fair attracts international buyers.

"HSU-JI"

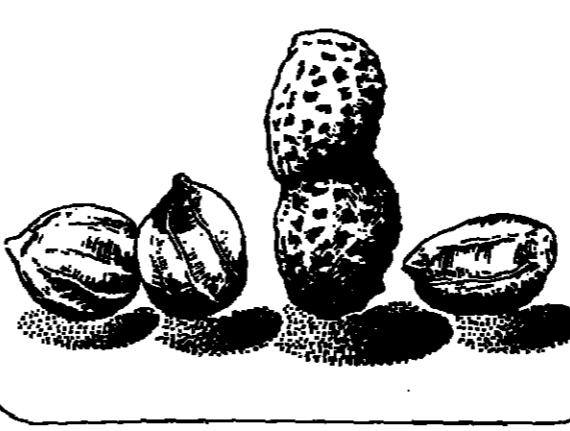
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Crisp Dry White Wine from Tsingtao

The city of Tsingtao has a history of links with Germany. These ties undoubtedly influenced the creation of the crisp dry white wine produced at Tsingtao.

Tsingtao Dry White Wine is a dry light wine with a delicate bouquet.



For more information about this interesting wine, contact:
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Shandong Cereals & Oils Branch
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Telex: 32122 FODOD CN
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Metalworks and Chemical Products Travel the Globe

Metals and chemical products are important resources in China's international trade. Production of specialty steel and high-quality alloys in Shanghai now represents a high proportion of China's total steel output and that capacity will grow with the expected opening this month of the Baoshan Iron & Steel Works. The new plant should add four million tons to hot-rolling and three million to cold-rolling capacity in Shanghai by the time it is fully operational, which is expected by about 1988. The new mill has been under construction for six years with Japanese assistance and at an estimated cost of 12 billion yen.



Anchor brand seamless steel gas cylinders are among the products available for export from Shanghai's mills. They are made



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of quality manganese steel in a solid-drawn process. Available for export are seamless steel gas cylinders with valves and caps for industrial gases: argon, hydrogen, nitrogen, helium, freon, carbon dioxide, liquefied ammonia, and oxygen for medical use. They also export liquefied petroleum gas (LPG) cylinders and chlorine cylinders.

In 1984, the reported capacity of Shanghai's iron and steel industry was 5.25 million tons of steel and 4.5 million tons of steel products. Their facilities include some 50 plants, but many produce no steel as they are not integrated mills. Plant No. 5 is the specialty steel producer and is among the largest three — the other two being Plants No. 1 and 3. This last plans to acquire new top-blown oxygen converters and to improve a steel-plate roller, according to a report in The China Business Review of May-June 1985. They also report that this same mill has agreed to purchase and renovate a facility from the United States, with a capacity of 500,000 tons per year.

and granite, architectural sculpture and various products using bauxite and tungsten.

China Blue

On the chemical side, Shuanglong brand indigo pure powder pigment has been keeping the textiles of blue-jean and other clothes manufacturers blue since 1958, when the Beijing branch of the China National Chemicals Import/Export Corporation was founded. The powder is also used in painter's inks, for the manufacture of indigo white and indigo derivatives and related chemical agents. It has been favorably received by end-users in the United States, Brazil, Japan, Hong Kong and countries in Southeast Asia.

Under the management of Wang Guobin, the Beijing company undertakes unified management of the import and export of raw materials, plastic resins, dyestuffs, pigments, paints, printing inks, agro-chemicals, rubber products and reagent chemicals. The company traded with the Soviet Union and Eastern European countries from its founding in 1958. In 1973 its scope expanded to global trade and the promotion of joint ventures and compensation-trade arrangements in addition to processing imports and exports.

Besides its management and finance departments, the company is divided into seven import/export sections, based upon various product clusters such as organic resins, inorganic salts or dyestuffs and pigment products.

Chemical Salts

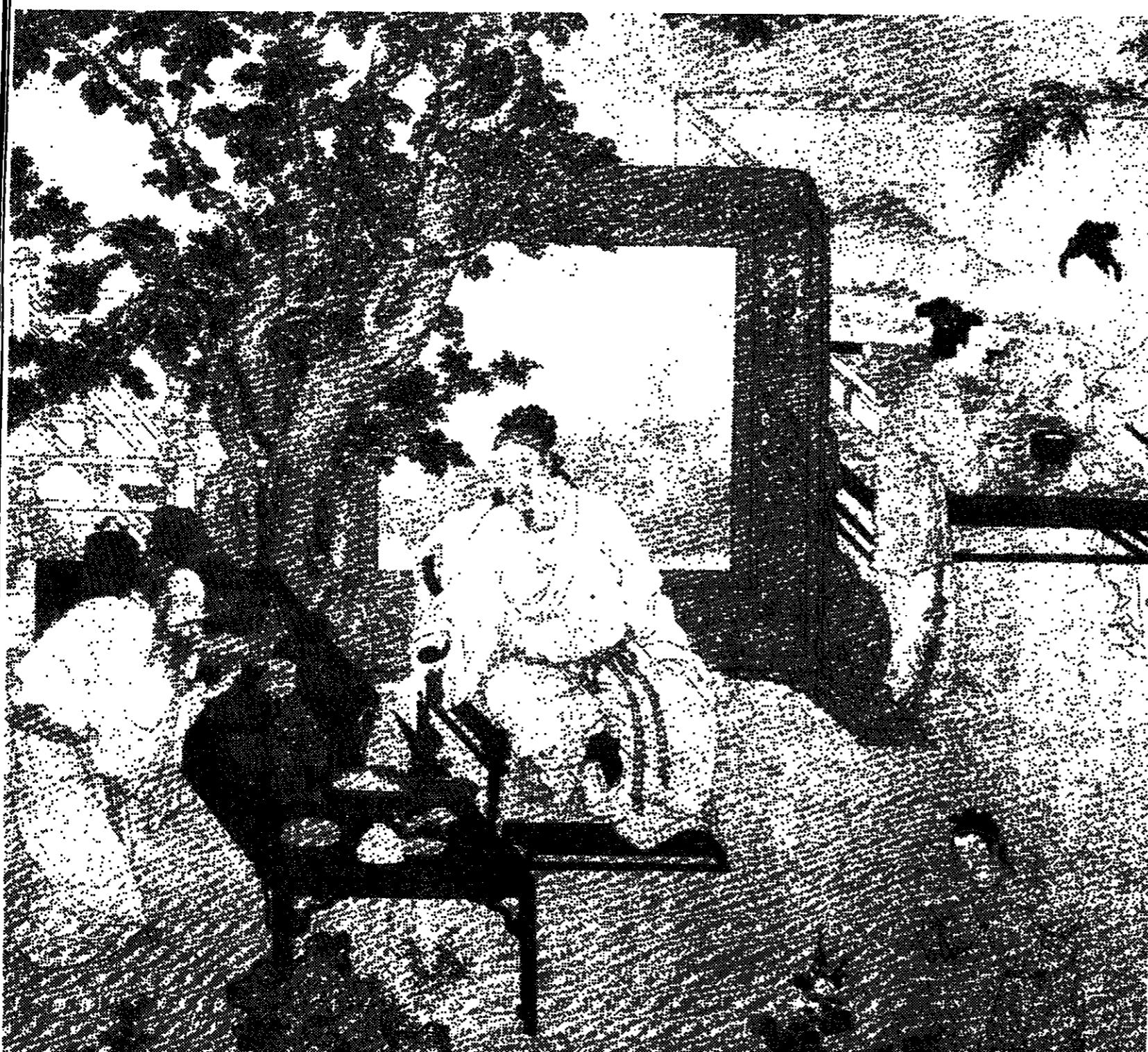
In the waters of the Yellow Sea surrounding the Shandong Peninsula in northern China, a rich algae abounds that is an important source of chemical salts.

For the past 20 years this algae has been collected and processed to produce a high grade of one particular salt, sodium alginate, an effective ingredient in many chemical products, including antacid preparations.

The sodium alginate produced at Shandong combines fine fluidity and stable viscosity qualities that have enabled the producers to build considerable export sales under the brand names Star-tex, Chugai-tex, AAA, ESA and ALACID.

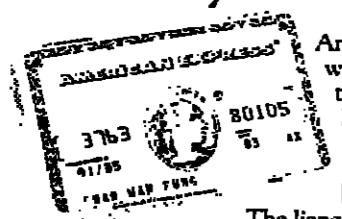


The Beijing branch of CNMM enjoys an annual turnover of \$30 million, and has built up ongoing relationships with about 120 overseas traders and manufacturers. The company produces a variety of products, including soil-pipe fittings, welded LPG cylinders, aluminum mill sheets in coils, nails and wires, various cans, hinges, wires and fasteners, construction tiles in marble, slate,



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China's 98 Open Cities

All foreign visitors to China require visas to enter the country. There are 257 places now formally 'open' to foreigners. However, off the 98 on this map require special travel permits. (Those in italics are permit-required areas where the American Express Card is accepted)



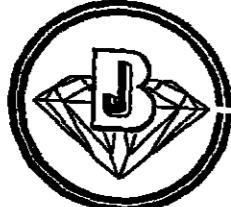
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JPY 1000

Arts and Crafts Improve on Tradition

China's outstanding arts and crafts have an impressive history, and the making of fine objects is still an intrinsic part of the Chinese sensibility—and economy. Here traditions continue.

Beijing has long been the home of workshops creating some of China's finest craft products, and remains so, with thousands of craftsmen and their apprentices producing 40 kinds of craft products for export under the guidance of the China National Arts & Crafts Import/Export Corporation. Their Beijing Jewelry Branch special-



ties in articles of jewelry and decoration using precious stones, traditional materials and motifs—filigree, inlay, enamelware and carvings of precious metals, stones, ivory, lacquer and wood.

Chinese craftsmen have used gold and silver for jewelry for centuries, and they tend to treat their major works as sculptural objects rather than items for personal adornment. For instance, Beijing's two foremost gold-filigree artists in the early 1980s, Bi Shang-bin and Zhai De-shou, both created their most famous works in the round. Bi, noted for his dragons and phoenixes, earned his formal designation as a state artist in 1957. His "Forbidden City Pavilion" was exhibited in Hong Kong and Brussels—a work of ornamental jewelry that is more complex than most architectural projects. Its walls were constructed with over 2,000 pieces of jade; its eaves were inlaid with 850 pieces of coral. Zhai De-shou also earned recognition as a formal state artist in 1957. He is famous for his gold filigree sculptures of heroic figures, like "Warrior," "Fang Baima Reviewing Troops" and "Nuon-nan."

History plays a large part in Chinese jewelry designs, and objects found in archaeological sites in the Huai River valley of Anhui Province have become standard models for modern designs. Granulation techniques arrived later, in the Han dynasty, from contacts with Mediterranean cultures via India. The Huay style is marked by the shapes and motifs of bronze works.

Beijing cloisonné, together with Jingdezhen porcelain and Fuzhou bodiless lacquer, are considered the three treasures of

contemporary Chinese arts and crafts. In fact, the best of foreign-inspired crafts have traditionally emanated from Beijing, first from imperial workshops and today under the influence of the Beijing Handicrafts Research Institute. There are about 2,000 artisans in Beijing's Jade Studios alone, continuing a tradition of excellence.

Enamelware—cloisonné, champlevé and painted enamel—are all imported crafts, but modern artisans of Beijing have expanded their repertoire. For instance, they have created new wire-anchoring techniques for cloisonné and also increased the color palette from the original dozen or so when the form was introduced from Persia or Arabia in the 13th or 14th century by emperors of the Yuan (Mongol) dynasty. Today there are over 60 colors.

Painted enamels were popular with the Kangxi emperor of the early Qing dynasty. In the early 18th century, Jesuit missionaries from France introduced painted enamel techniques locally called *yang tsu* (foreign porcelain). It was about this time that the influence of Western traders in Guangzhou (Canton) began, and a high form of the art developed in Beijing, associated with the Imperial workshops which had been in existence at least since 1680. There was also a less elaborate form meant for export which came to be called "Canton enamel."

Another Western craft for which Beijing is justly famous is petit point, usually exported with designs reminiscent of 18th-century Europe, such as elaborate floral and landscape motifs. Today an ordinary handbag plate takes an experienced Beijing seamstress about 30 working days. Were such a seamstress earning a U.S.-based rate of pay of U.S. \$5 an hour, such a purse would cost about U.S. \$1,200 in man-hours alone. This helps explain why petit-point bags and decorated silk boxes have not ceased to be exported from Tongxian county since the Ming dynasty. The first factory to produce petit point in China is reported to still be operating there, about 25 kilometers (15 miles) from Beijing.

Guangdong Ceramics

At least since the founding of Macao, in the 17th century, Guangdong's craftsmen have been molding, painting and firing porcelain and ceramics to meet the export demands of Western traders. The art of ceramic manufacture itself has been practiced in the province since the Sung dynasty.

Modern equipment has transformed handicraft cottage indus-

tries into modern automated assembly lines that can meet buyers' specifications for 30- or 45-piece tea and dinner sets or the requirements of builders for ceramic construction materials such as glazed tiles. Figurines and elegant tableware are still produced for gift items, but today they range from individual works of craft to machine-made, low-cost items.

One thing that has not changed in Guangdong craftsmen's



venerable trading relations with the West is that they can still make to order whatever a customer can describe or provide a model of. Today's difference is in the scale, speed of reproduction and quality of packaging to meet customer requirements.

Baseball Caps

Guangdong province's craft products have so much become the expression of Chinese traditional arts to the West that it is easy to forget they also produce contemporary adaptations of traditional materials. Take hats: most people would think of the classic, wide-brimmed straw ones worn by peasant farmers, but the Guangdong branch of the China National Arts & Crafts Export/Import Corporation also does a thriving trade in baseball caps, cotton crush caps, caps for children and about every other kind of hat that can be fashioned from cotton goods.

Besides carrying on fine-art traditions in ceramics, Guangdong ceramicists mold modern dinnerware and tea sets. Brass

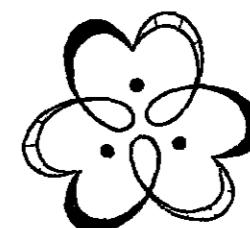
reproductions of China's glorious bronze sculptures and bowls are tied to Chinese tradition, but there is also a booming business in custom brass bedsteads in classical Western styles. Carvings in ivory, jade, ox horn, gilded wood and even coconut shell provide contemporary counterparts to traditional designs and uses.

Fine machine-embroideries are put to use on tablecloths and serving linens, while bamboo is bent to the modern shapes of porch furniture and ornate upholstered combinations. Chinese fans and umbrellas have been formed into lamp shades; ceramic shapes and famous styles of celadon and blue-and-white into lamp bases; and hand beadwork and petit-point drawwork into evening bags.

Embroidery and Crochet

Shanghai's handicraft and consumer-product manufacturers will display their wares in a Shanghai pavilion at the FEMINA Exhibition in Rotterdam this October. Included among exhibitors at this annual event, held in the Ahoy Exhibition Center, will be products from the Shanghai branch of the China National Embroidery and Drawn Work Associated Export Corporation.

Products of the branch are produced in Shanghai or the



adjacent Jiangsu and Zhejiang provinces, which straddle the Yangtze river, north and south of the port city of Shanghai respectively. These have traditionally been the wealthiest areas of China and its richest sources of skilled craftspeople, and remain so.

Hand embroideries include cutwork, flat embroidered products, cross-stitch work and woolen needlepoint tapestries. Their hand-plaited products include venice lace, crocheted and knotted tablecloths, crocheted blouses and crocheted caps, hats and handbags. Machine-made woven products, prints and other items manufactured by automated processes are also available.

From other areas of China the branch exports embroidery and drawwork of Anhui province, also astride the river to the west, and from the Guangxi Zhuang autonomous region, with its tribal crafts. There are also batiks from Guizhou province which borders Vietnam.



A Pipa musician from Hangzhou.

A German Banking Partner

Bayerische Vereinsbank AG is, in terms of its consolidated assets, the fourth-largest private-sector credit institution in the Federal Republic of Germany. Based in southern Germany, it does business throughout the country and has a prominent position in the international banking world. In the past two decades it has developed from a classical foreign trade bank into an institution with multinational activities.

The representative office in Hong Kong along with the branch and representative office in Tokyo have already provided assistance to numerous German firms in making contact with business partners in Asia. Bayerische Vereinsbank has encouraged cooperation with manufacturers, commercial firms, state-owned enterprises and foreign trade companies in the People's Republic of China. The Bank of China has been one of its correspondent banks in Asia since 1958.

Since diplomatic ties were established between Bonn and Beijing in 1972, the volume of goods exchanged between the two countries has increased sixfold. This is probably one of the reasons why China has selected Hamburg as its foreign trade center for Western Europe. Bayerische Vereinsbank's Hamburg branch is a reliable partner in this major seaport.

Trade between China and the Federal Republic of Germany should continue to develop briskly in the coming years. This trend is founded not only on the various government agreements for technological and economic cooperation, but also on around 400 contracts for cooperation between German firms and their Chinese partners.

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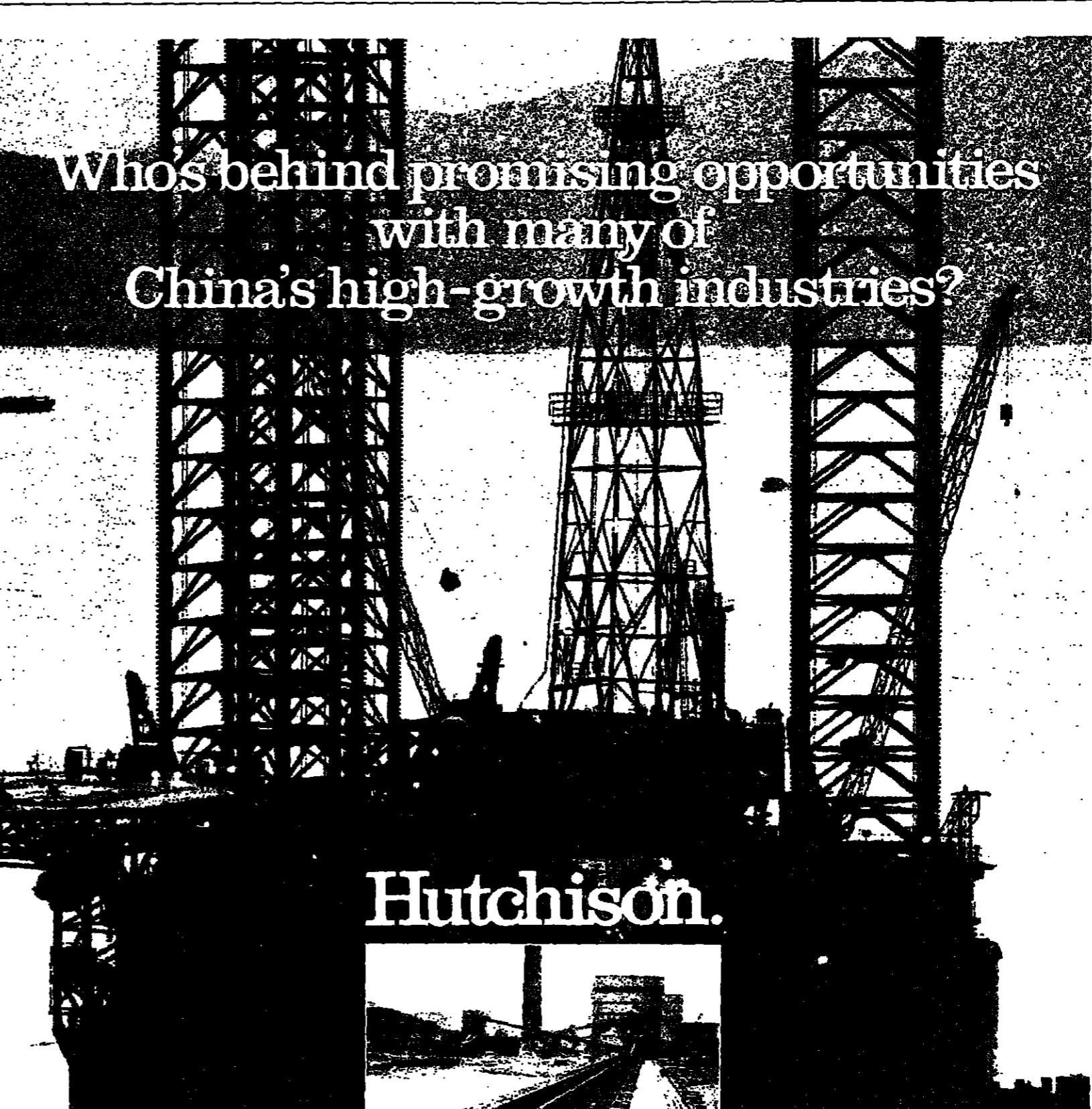
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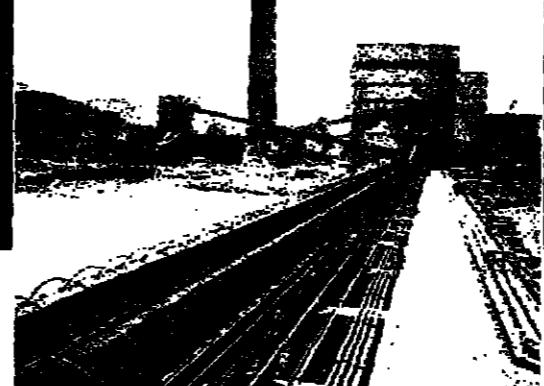
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Standard Chartered's China Connection

The Standard Chartered Bank Group's connections with China date back to 1858, when the Chartered Bank of India, Australia and China, as it was then known, set up its branch in London. This branch has remained open ever since and through its long-established contacts in China the bank has accumulated considerable experience in assisting those who seek to do business there.

Throughout its existence in China, the Standard Chartered Bank has always been known to the Chinese as "Makale" Bank. Even today the doors of the Shanghai branch still have "Makale" printed in Chinese characters side by side with the English name. The origins of the Chinese name are obscure. It has been suggested that "Makale" is derived from "Mackellar," the name of the first manager of the Shanghai branch. Others contend that it was the name of the area where the original premises were located, although no trace of "Makale" can be found on modern maps of Shanghai.

With the advent of China's open-door policy the bank's activities in that country have expanded with the opening of representative offices in Beijing, Guangzhou and Shenzhen. A fourth representative office is due to be opened in Ziamen. Coordinating the activities of the Shanghai branch and the representative offices in China is the bank's China Department, located in Hong Kong. This department, with its rapidly expanding team of specialists, also handles enquiries concerning China-related business from all over the world.

In addition the bank has agreed to become a shareholder in North China International Leasing Co, a joint venture to be based

in Dalian, engaged in leasing and installment credit activities. The choice of Dalian is particularly opportune in view of its status as one of the four cities earmarked for accelerated development from among the 14 coastal cities.

Dalian is situated at the southern end of the Liaodong Peninsula in Liaoning Province and is surrounded by the sea on



The Chartered Bank, as it was then known, circa 1923.

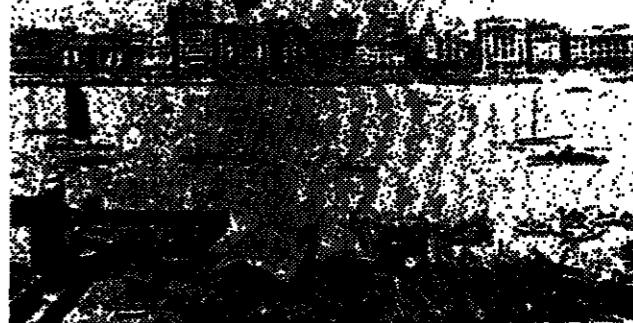
three sides, with the Bohai gulf to the west and the Yellow Sea to the east. It enjoys a relatively mild climate, with the sea ice-free throughout the year, and lies in a region with diverse agricultural resources. It is particularly renowned for its fruit, especially apples.

Dalian is the principal seaport for the major industrial region of northeast China and is the second largest port in the entire country. Industry is well-established and diversified, with the main activities being machine-building, petrochemicals and shipbuilding. Textiles are also important.

The Standard Chartered Group, which has its headquarters in the City of London, was formed by the merger of the Standard Bank and the Chartered Bank in 1969. Each of the constituent banks was founded more than 100 years previously, with the Standard Bank operating mainly in Africa and the Chartered Bank in Asia.

In 1979 the group acquired Union Bank in California and now has a network of over 2,000 offices in more than 60 countries, with its assets spread fairly evenly over four main operating areas: Europe (including the United Kingdom), the Middle East and Africa, Asia and North America. The group is also represented in Australia, Latin America and elsewhere.

The group provides a full range of financial services, including retail, corporate and merchant banking as well as such activities as installment finance and leasing, insurance broking, investment management, bullion dealing, metal broking, commodity trading, estate duty and tax planning. Merchant banking activity in China is handled by Standard Chartered Asia Ltd. in Hong Kong, whose Project Finance department has acquired considerable experience in setting up capital projects in China.



Already a landmark in Shanghai in 1928: an arrow marks the Bank building.

AMEX to Open New Office in Beijing

As of Nov. 1, American Express Travel Service offices in Beijing will relocate to street-level space in the Beijing Toronto Hotel, according to Richard Weden, vice president of travel and card-related services in the Far East and Pacific regions. Located with the new location, Weden notes, "We're right next door to the Jianguo Hotel and adjacent to street-level offices of three major airlines, and seven minutes by car from Tiananmen Square."

Weden claims AMEX is looking for additional space at the Lido, managed by Holiday Inn International, and the Sheraton Great Wall as well. "These are intended to be full-service offices for both incoming and outgoing travelers," Weden adds. "We will cater to both expatriates in Beijing and overseas people coming in. We're hoping to offer this in three cities within the next six to nine months."

American Express has been pioneering credit-card services in China, and already boasts about 270 service establishments who accept the card in about 30 cities of China.

"We've been targeting hotels," notes a very satisfied Weden, who has overseen the addition of over 50 hotels in nearly 30 cities since April of this year. In one memorable week in August, Weden notes, he had the special pleasure of accompanying the new president of travel and card-related services on his first trip to China in time to sign agreements with about half a dozen major hotels, many of which are managed by international groups.

"Our new area office president, Jim Li, is American-Chinese

and had never been to China. It was very moving to share the experience of it with him. It's also nice to have gone during a week when we could be the first credit card accepted by so many major hotels in China, and have our new president there to sign the agreements."

That week, according to Weden, agreements were sealed with the Lido, Jianguo and Beijing Toronto hotels in Beijing, the Shanghai Star Guesthouse—which is the first large hotel to sign on with AMEX in Shanghai, having over 200 rooms—and the Rong Hu Hotel in Guilin. There are also the Golden Flower in Xian and the Garden Hotel in Guangzhou. The Sheraton Great Wall had set the precedent about three months before by agreeing to take the card, and the four American Express salespeople in China, under Thomas Lok, had been doing their homework in anticipation of their new president's arrival. As of Sept. 1 the American Express Card had a major presence in China's hotels and a commanding lead in the race to become the preeminent credit card in China. At the moment, it is the only one with a significant presence in the country.

A major strategy of American Express in China has been to develop continuous seminars and site visits and to sponsor delegations from the mainland to key AMEX marketing and training events. For instance, on Sept. 26, another large seminar is scheduled in Tianjin wherein local Bank of China managers and those of service establishments will be introduced to the concept of credit-card services.

Visits back and forth between AMEX and Chinese officials have become routine over the past year. For instance, during the week of Aug. 20 AMEX welcome 10 senior Bank of China managers from five different cities in China to a seminar in Hong Kong. In April of this year, AMEX invited three Beijing officers of the China International Travel Service (CITS) to the American Express world marketing meeting in Disneyworld, Orlando, Florida. They made a presentation on developments in China to over 500 travel salespeople.

November will see the visit of the new president of American Express Company, L.V. Gersner, who was appointed to the post on Aug. 1. He is due to be accompanied by Richard Holbrooke, managing director of Shearson Lehman Brothers Inc. and former American undersecretary of state in Asia.

Holbrooke may be coming to finalize an agreement between the Friendship Company of the Beijing No. 1 Commercial Bureau and OS International Inc., the agent of Shearson Lehman in

China Consultants Thriving

Tom Gorman, whose Hong Kong-based company China Consultants International has long been offering Chinese-language communications services for overseas marketers, says that anyone who has ever participated in a multilingual negotiation knows how far the discussion can drift from the points intended. This is a situation in which he advises the use of skilled communicators in Chinese. Gorman's company has been providing various services built around the translation business for about 10 years.

China Consultants works with established specialists: publishers as consulting editors to create Chinese-language editions. They translate and develop target audiences in China, and the specialist publication sells the advertising and provides the English-language editorial. They expect to produce about 10 different titles in 1985.

From this core business, they have developed into a document-processing center for sophisticated legal, technical and marketing promotion requirements of traders and exhibitors in China. Document-processing has become a major business for China Consultants, who employ about 50 people at their Hong Kong headquarters.

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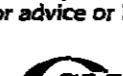
At present we manufacture over 300 different kinds of products and we sell them in over 140 countries and territories.

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The Great Wall Unfurls Its Five Stars Over Beijing

Managed by Sheraton, the Great Wall Hotel now offers accommodations in a residential suburb a few minutes from the central business district of Beijing and only 20 minutes from the international airport.

Each of the 1,007 tastefully furnished rooms has a scenic view as well as individual climate control, color television with in-house video channels and Beijing's only 24-hour room service.

The first computerized room status system in the People's Republic of China provides an up-to-date display of current room availability.

The Capital and Dynasty suites are luxuriously decorated with Chinese antiques, paintings and even a baby grand piano. The suites have their own bars and kitchens and are spacious enough for business meetings, cocktail parties and dinners.

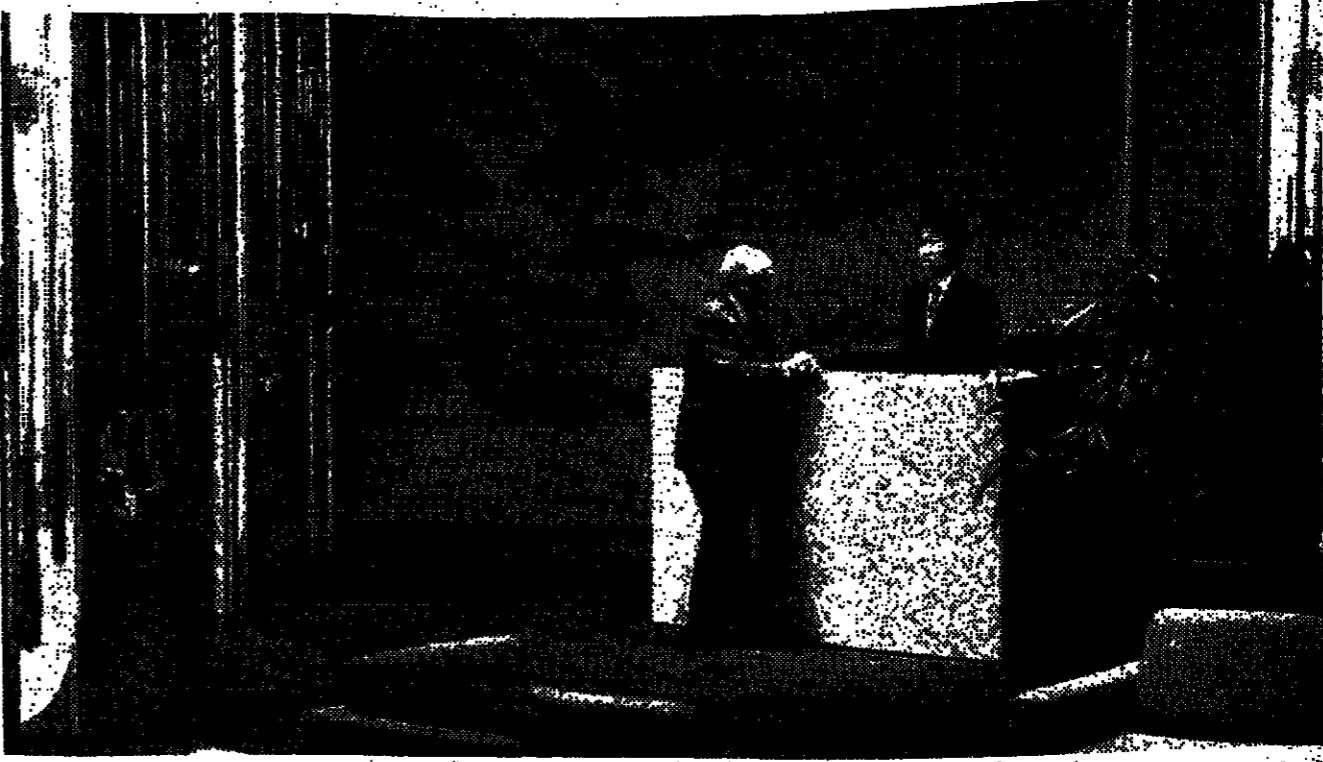
The VIP and Junior suites feature contemporary decor blended with traditional Chinese art treasures. Located on the

fourth, fifth and 18th floors of the hotel, the suites are large enough to hold business meetings in or entertain up to four people comfortably. The suites also feature a spacious work area designed with business in mind. Separate bedrooms are connected to the VIP suites.

With nine restaurants and lounges, the Great Wall Hotel is able to offer a spectrum of French, Sichuan, American and other cuisines.

The Executive Business Center has advanced communication equipment. Conference facilities and function rooms with complete banqueting and catering service for as few as 20 or as many as 1,600 are available.

The Great Wall Hotel has a modern health club equipped with saunas, steam baths and a gymnasium. Other facilities include an indoor swimming pool with its own snack bar, floodlit tennis courts and, for the more sedate, a theater and a billiard room.



The lobby of the Great Wall Hotel reflects the tradition of its namesake.

Learning to Live With the "Law of Value"

Continued from Page I

durables this summer, which will make them much more expensive when they finally do reach the domestic market.

The government has already twice this year enacted interest rate raises in an effort to slow runaway production growth—significantly, still using market mechanisms to reassert central control over the economy. They have also created rate-raises aimed specifically at rural industries in the newly opened "guided" sector of the economy, which is where much excess production is occurring. Problems here are acute: the Agricultural Bank had already reached its 2 billion yuan annual lending target halfway through this year.

Project approvals are also being more closely scrutinized in the four Special Economic Zones (Shenzhen, Shantou, Zhubai and Xiamen), and only four of the originally opened 14 coastal cities will continue to receive high development priority: Shanghai, Guangzhou, Dalian and Tianjin. The other 10 are now to concentrate on improving their infrastructures.

Analysts with various national trade commissions in Hong Kong are unanimous in the view that, though China is undergoing traumatic adjustment problems after the reforms instituted last October, the reformers have weathered it remarkably well and have generally acted with sophistication and restraint. A test of this hypothesis was expected to come this month when the Communist Party's Fourth Planning Conference takes place to adopt China's seventh 5-year plan for the period 1986-1990. Reformers are helped by the group of younger, better-educated cadres who have been moved to senior posts in provincial government and party offices. Press estimates predict that newly-promoted provincial officials, who can be expected to support the reform movement, make up about a third of the 1,000 delegates to the conference.



Eels for sale at a free market.

While state economic planners grapple with questions like "Can a cadre-run enterprise be allowed to go bankrupt?" and "What would bankruptcy laws be like?" overseas interest in China continues to grow. Early this year Hill and Knowlton opened an office in the Beijing Toronto Hotel. Arnold Tucker, their regional manager for North Asia, says, "We have the best kind of problem you can have—so many inquiries that we must make time to service our clients a priority. For instance, we're very active in media relations. This is reflective of the decentralization process in China. At one time a person could visit three or four ministries; now there may be a thousand people to reach. The publicity function becomes important."

Analysts generally share the optimism of the newcomers making inquiries at Hill and Knowlton. Besides overseas businessmen who, trade observers say, will not be much affected by new controls unless they deal in consumer products intended for Chinese domestic markets, the Beijing public relations office receives dozens of resumes weekly from overseas students fresh from Asian Studies

programs in Chinese language and culture, hoping to participate in Asia's most exciting social experiment.

A key argument likely to be raised at this month's conference is whether the reforms are bogged down because the reformers have gone too far, gone too fast or because they've not gone far enough. Centrally retained foreign-exchange reserves went from about \$16.7 billion last October to virtual depletion at the end of March of this year (excluding borrow reserves, which are the excess of deposits over loans) and locally-held reserves have also dropped dramatically. Foreign economists estimate that China's inflation rate almost doubled from 8.5 percent in 1983 to 16 percent last year. Imports are up almost 70 percent and exports are down for the first six months of 1985 by 23 percent in visible trading, which accounts for up to 80 percent of the nation's foreign exchange.

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New China Hands Service

Calling her European secretaries the New China Hands, Margaret Sullivan has opened what she claims to be China's first fully automated business center in Guangzhou's Garden Hotel. Sullivan, who operates two secretarial centers at Hong Kong headquarters as well, bills herself as the "China Supersecret."

Sullivan is now preparing for the second of Guangzhou's biannual trade fairs (Oct. 15 to Nov. 5). She estimates an increase of at least 40 percent over the 2,500 assignments she handled for international businessmen during the Spring Trade Fair earlier this year. Sullivan is planning to open another two business centers in China before the end of the year, which will bring to five the total "Supersecret" outlets in the Margaret Sullivan stable.

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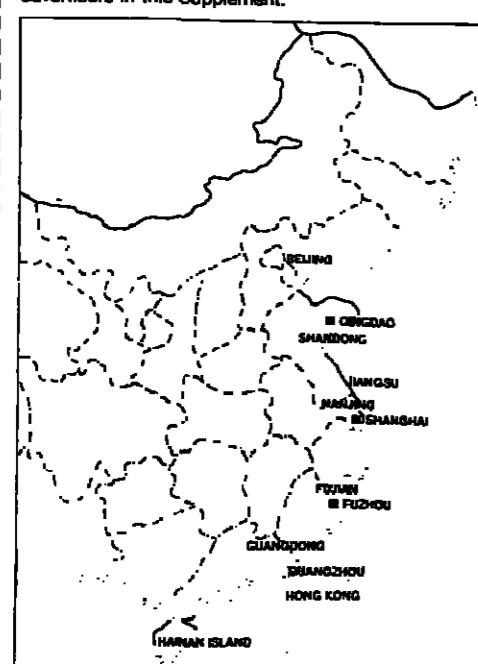
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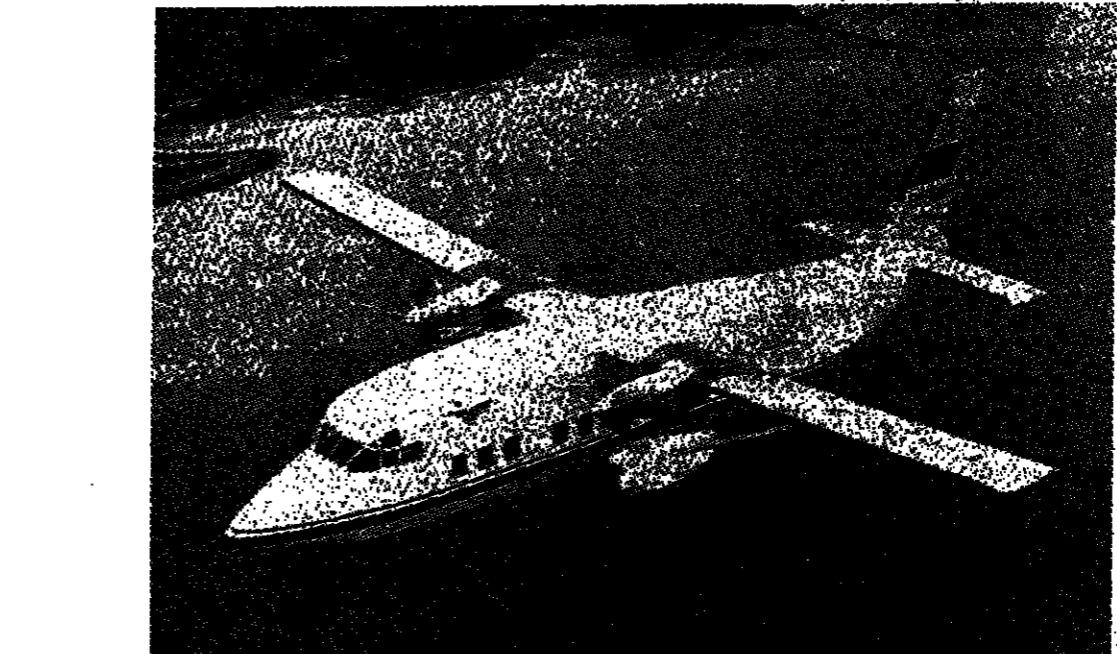
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Guangdong Ceramics Company is also interested in the importation of technical materials for ceramics, fuel, equipment and appliances related to the production of ceramics.

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Telex: 44269 GDECO CN



Tuesday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month
High Low Stock Div. Yld. PE E.R. High Low Close
Stock Div. Yld. PE E.R. High Low Close
Out. Chg.

(Continued from Page 8)

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2556 Pohw	24.0 11	72	194	184	174	16	16
2557 Pohw	24.0 11	72	194	184	174	16	16
2558 Pohw	24.0 11	72	194	184	174	16	16
2559 Pohw	24.0 11	72	194	184	174	16	16
2560 Pohw	24.0 11	72	194	184	174	16	16
2561 Pohw	24.0 11	72	194	184	174		

BUSINESS ROUNDUP

Citicorp, McGraw Form Joint Firm

Compiled by Our Staff From Dispatches

NEW YORK — Citicorp and McGraw-Hill Inc. announced Tuesday the formation of a joint-venture company to provide 24-hour trading information for a broad range of commodity, spot and contract-markets.

Global Electronics Markets Co. or GEMCO, is Citicorp's first major entry into what it calls the information business, an area of high priority for the bank holding company.

According to oil industry sources, GEMCO would allow traders to operate through an electronic system that would match the needs of buyers and sellers.

Because the system would merely put buyers and sellers in touch with each other without GEMCO itself getting directly involved in the trades, it would not violate federal laws that prohibit banks from trading in commodities, according to these sources.

McGraw-Hill, a large publishing company, has been strengthening its activities in the energy area. For some years, it has owned Platt's Oilgram News and Platt's Oilgram Prices, which are daily publications. And recently, according to people in the oil industry, it has acquired the Oil Buyers Guide and Oil Buyers Guide International, both weekly publications.

By delivering information and handling financial transactions, GEMCO will give Citicorp a major presence in the information business and will bring McGraw-Hill closer to the oil banking business.

Through the joint venture, McGraw-Hill will begin delivery of such information on an electronic basis. The announcement was made by Citicorp's wholly owned subsidiary, Citibank Electronic Trading Services Inc., and McGraw-Hill's Electronic Markets and Information Systems.

The agreement, if signed, would place a high priority on information services — maintaining that information is the essence of banking.

He argued that news services such as Reuters could be banks themselves if they had the ability to handle the actual transaction.

Texas Air
To Give Up
TWA Link

By Jonathan P. Hicks

New York Times Service

NEW YORK — Texas Air Corp. has agreed to withdraw from its merger pact with Trans World Airlines, sources close to the two airines said.

The agreement, if signed, would pave the way for Carl C. Icahn, the New York financier who has acquired 52 percent of TWA's shares, to take official control of TWA, the fourth-largest U.S. airline.

The agreement, reached over the weekend, according to the reports on Monday, would end the long battle for TWA between Mr. Icahn and Frank Lorenzo, the chairman of Texas Air.

An investment group headed by Mr. Icahn had secured a majority of TWA's stock, but the airline's previous agreement to be acquired by Texas Air remained a stumbling block for Mr. Icahn.

Although a definitive agreement has not yet been signed, those close to the negotiations have predicted that it would be done soon. Analysts remained cautious, however, citing two other occasions when Mr. Lorenzo failed to sign the papers after Texas Air had reached similar accords with Mr. Icahn.

"This means the battle is coming to an end, but until you have a signed contract it hasn't ended, and it's simply not a fait accompli," said Robert J. Jodicek, an airline analyst with Shearson Lehman Brothers Inc.

Sources close to the most recent negotiations, however, said that is not a major problem.

Mr. Icahn is offering \$24 a share for all the TWA stock it does not already own. Texas Air had offered \$26 a share. TWA's stock was up 12.5 cents on Tuesday on the New York Stock Exchange, closing at \$22.25.

TWA's agreement to acquire

WILMINGTON, Delaware — Coca-Cola Co. has refused to obey in U.S. federal judge's order to turn over its soft-drink cola formulas, in the fear of eventual public disclosure.

U.S. District Judge Murray M. Schwartz issued the disclosure order last month in a 1983 case in which 40 bottling companies are claiming that Coca-Cola should sell them syrup used to bottle Diet Coke under the same pricing structure as the Coke-brand syrup.

Attorneys for Coca-Cola said in a letter to the court Monday that disclosing the formulas, which are among the best-guarded secrets in the world, would present the possibility of incalculable and irreparable harm to the company.

The bottling companies say they need to show that the two products are the same except for sweetness, and Judge Schwartz ordered Coca-Cola to turn over its 99-year-old original formula along with formulas for new Coke, Diet Coke, caffeine-free Coke and experimental low-calorie colas.

Coca-Cola did agree to turn over to the judge the taste-test results between caffeine-free Coke and Coca-Cola. The judge is now considering further action.

VW Expects Increase in 1985 Sales

By John Mechner

International Herald Tribune

(Continued from Page 9)

with the Beetle for so long. Such reliance may prove risky in the long run, but it's not going to hurt profits this year or next.

Mr. Hahn said that Volkswagen, which has the largest share — 13 percent — of the European market, is in a solid position to maintain that lead and possibly widen it.

"We continue to have very strong sales in England, Italy, France and Spain," he said. "Now that the domestic market, Europe's largest, has picked up strongly after the resolution of the emission-control debate, I'm pretty certain we'll keep the No. 1 spot because of our traditional strength in Germany."

West German auto registrations ebbed earlier this year during debate on plans for tougher exhaust-emission standards, but began to blossom after the European Community agreed to phase in the new controls beginning in 1988.

Volkswagen's market share recovered sharply after the first quarter, when they dropped as much as 12 percent from a year earlier, Mr. Hahn said. In the January-August period, domestic deliveries were up 3 percent from a year ago. European deliveries rose 28 percent and deliveries to the United States increased 10 percent.

Mr. Hahn said that VW's South African unit had improved operations, but is not likely to reduce the 51-million-D-Mark loss reported last year because of civil unrest in that country.

Coke Refuses to Give Formula to Judge

The Associated Press

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Saudi Plan

On Oil Price

(Continued from Page 9)

on official prices for oil sold so far this year. As a result, buyers have fled, and Saudi production in recent months has run at a 20-year-low of about 2 million to 2.5 million barrels a day.

The Saudis have warned that they are tired of cheating by other OPEC members and intend to increase their sales.

Charles Maxwell, senior energy strategist at the New York stock brokerage of Cyrus J. Lawrence Inc., estimated that at current product prices the netback system would produce a price of \$25.50 a barrel for Saudi light, 50 below the official price.

Mr. Maxwell said he believed that the Saudis agreed with Exxon Corp., Mobil Corp. and Texaco Inc. on the general outlines of a netback system about a month ago. He said Saudi Arabia appeared likely to sign netback contracts with those companies soon.

The sales would start Oct. 1 and involve a total of about 850,000 barrels daily, Mr. Maxwell said.

Some press reports have said the Saudis would make similar agreements with Shell Oil, the U.S. unit of the Royal Dutch/Shell Group, and with the Mitsubishi Group of Japan.

The Saudis and most of the companies involved have declined to comment on the reports, but many prominent analysts and traders are taking them seriously.

There's little question that it's under discussion at the highest levels," said John Lichtenblau, president of Petroleum Industry Research Foundation.

Mehdi Varzi, an oil analyst at the London brokerage of Grieveson, Grant & Co., said he also believed the Saudis had agreed in principle to the sales, but he said they probably would test the waters by starting out with netback sales of only several hundred thousand barrels a day.

Mr. Varzi also suggested that Saudi Arabia would wait until after an OPEC meeting scheduled for Oct. 3 in Vienna before making a final decision.

Some analysts say the Saudis may hope that talk of netback sales will frighten other OPEC members into agreeing to adhere more closely to the group's pricing and production rules, thus reducing the threat of an oil-price collapse.

Mr. Varzi and others said the Saudis appeared eager to minimize disruption to the market. "I don't think they want a price crash," he said.

Even so, with such OPEC members as Iraq, Nigeria and Ecuador also pressing for higher sales, many analysts say oil prices are likely to begin falling steeply within the next six months.

Malaysia to Remain in Rubber Group

The producers also said Malaysia's annual contribution of 200 million ringgit (\$79.8 million) to the organization to finance buffer stock operations could be used to support the local industry directly.

Mr. Junid said, however, that Malaysia's contribution to the organization was relatively small.

He said the organization's buffer stock operations had kept prices at "reasonable levels." In London, rubber prices have been listed this month at 62.5 pence per kilogram (about 37 cents a pound).

In July, the small plantation owners' group, the National Association of Smallholders, asked the organization to quit the international organization, saying that rubber consumers, not producers, dominated the organization.

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CURRENCY MARKETS

Dollar Eases Lower on Profit-Taking

By Our Staff From Dispatches
NEW YORK — The dollar fell against most leading currencies in mid-trading Tuesday as traders sold dollars to take profits from the currency's recent rapid rise.

Dealers and many operators sat on the sidelines pending the outcome of Friday's fresh U.S. economic data, which were generally expected to confirm recent signs of renewed growth. The government is to report on August retail sales and industrial production Friday.

"We need some more statistics," a London dealer said. "The market is not yet able to take any tangible evidence to set aside the rise has been overdone and is unjustified."

In the previous 24 weeks, the dollar has climbed 5.8 percent as measured against 10 other currencies by the Federal Reserve Board's trade-weighted index. The rebound was attributed to fresh expectations of renewed economic growth

and higher interest rates in the United States.

Howard Kurz, chief currency trader at Bank of America's New York center, said there was a feeling that the dollar had climbed too fast. But he also said that underlying demand for the dollar remained strong, and the currency finished the day above its level.

However, one dealer argued that some skepticism over U.S. economic prospects seemed to emerge and strong selling resistance emerged at the day's high of 2.35 Deutsche marks.

The dollar closed in New York at 2.9450 DM, down from Monday's finish of 2.9510; at 2.4290 Swiss francs, down from 2.4320; at 8.9895 French francs, little changed from 8.9850, and at 243.0 Japanese yen, down from 243.75.

The British pound, buoyed by prospects of higher interest rates, rose to \$1.3110 from \$1.2970. (Reuters, UPI)

THE EUROMARKETS

Investors Seem to Be Awaiting New U.S. Data

By Christopher Pizzey
Reuters

LONDON — The Eurobond market ended little changed Tuesday, with operators seemingly unwilling to open fresh positions ahead of the release Friday of new U.S. economic data, dealers said.

The reports are to include retail sales and industrial production figures.

The dealers said that prices were consolidating at the lower levels seen in the past couple of days, with some issues actually edging ahead on professional short-covering.

New-issue activity remained slow, with the feature being a \$150-million floating-rate note for Manufacturers Hanover Corp. lead-managed by Merrill Lynch Capital Markets.

The seven-year note ranks as senior debt and is callable after five years. It pays 4% point over the mean of the three-month London interbank bid and offered rates, which some dealers felt was a little tight.

Final terms for this issue, which is guaranteed by the Fuji Bank

Ltd., will be fixed on Sept. 18. It was quoted on the when-issued market at a discount of 18 basis points, inside the total fees of 20 basis points.

In the dollar-straight sector, an \$80-million bond was launched for Nippon Kokan K.K., which dealers said was targeted primarily at Japanese investors. The seven-year bond pays 10.1% and was led by Nomura International Ltd.

The issue was initially quoted on the when-issued well outside the 1% total fee at a discount of 2%. But, the price later tightened up to close at a discount of about 2%.

The day's other dollar issue was the expected \$75-million bond for Marubeni Corp. The issue has equity warrants attached. The par-priced seven-year bond was led by Imaida International (Europe) Ltd. and has an indicated coupon of 7%.

Final terms for this issue, which is guaranteed by the Fuji Bank

Ltd., will be fixed on Sept. 18. It was quoted on the when-issued market at a discount of 18 basis points, inside the total fees of 20 basis points.

In other primary-market activity, Yamaichi International fixed the Yams on the \$30-million bond with equity warrants for Sekisui Chemical Co. The coupon was set at the indicated 6% percent, while the exercise price of the warrants was fixed at 515 yen per share.

Back in the secondary markets, dealers said trading in floating-rate notes tended to center on recent issues launched using the "match" formula as the yield curve or period Eurodollar deposit rates has steepened in the past couple of days. Otherwise, selected issues added a couple of basis points in thin trading.

The dealers added that news on Tuesday that the U.S. Treasury asked Congress to raise the federal borrowing limit had no immediate impact on the secondary market here.

'New Wave'
Trade Ideas

(Continued from Page 9)

achieve in a democracy such as the United States, according to Mr. Krugman and others.

If the marketplace is not working as it is supposed to, a country might interfere and emerge better off. For example, if a currency's strength is temporary, it is causing companies to make long-lasting decisions to move abroad, then some say it makes sense to protect those companies from the currency effect.

The problem is that it is very difficult to know whether the currency's strength is merely temporary, and how to help just those companies that might move abroad.

A country might be willing to accept a small drop in its standard of living to preserve certain industries that it deems necessary for national security, such as shipping or steel. It could maintain these sectors through government subsidies or by protecting them from foreign competition.

A common argument, particularly in non-economic circles, against free trade is that it is a plague, and so long as other countries protect their industries, the United States must do the same.

"I don't think pure free trade has ever existed anywhere in the world," said Rudolf A. Oswald, chief economist of the AFL-CIO.

"Clearly trade has always been restricted for national security reasons," he said. "And it would seem that national security would include certain industries that may be necessary for long-term stability of a country."

Most economists remain skeptical of the new wave. They tend to stick to the free-trade doctrine that have dominated the profession since it was recognized as a tenet in the time of Adam Smith two centuries ago.

There have always been several exceptional situations in which a trade restriction or a subsidy might be to a country's advantage," said L.M. Dester, a senior fellow at the Institute for International Economics in Washington. "But they tend to be pretty hard to apply in practice."

Any successful effort to track and destroy thousands of Soviet missiles, they say, could require

BUSINESS PEOPLE

Amory Named Chairman at Petrofina SA

By Brenda Erdmann
International Herald Tribune

LONDON — Jean-Pierre Amory, vice-chairman of Petrofina SA, has been named the company's chairman. He succeeds Adolphe Demeure de Lespaul, who died late last month.

Mr. Amory, who is 60, joined the Belgian petroleum and energy products group in 1951. He is succeeded as vice chairman by Mr. de Tillesse, also 60. Mr. de Tillesse joined Petrofina in 1948.

Both men were appointed managing directors of the Brussels-based company. They will meet regularly with a newly formed liaison committee made up of four board members — Baron Lambert, Sir Dermot de Trafford, Jacques van der Schueren and Luc Wauters.

Unilever, the British-Dutch maker of foods, detergents and toiletries, said Francois-Xavier Ortoli has been appointed an advisory director. Mr. Ortoli is chairman of French state-owned Total Compagnie Française des Pétroles and a

former president of the European Commission.

Air-India has named Vinay G. Choubal manager for Switzerland, Algeria, Morocco and Tunisia. Mr. Choubal, who will be based in Geneva, succeeds Shantanu Mukherjee, who has returned to the airline's headquarters in Bombay to take up a senior management post in the marketing division. Mr. Choubal was in New Delhi as the carrier's deputy manager for northern India.

Estee Lauder Inc., the New York-based maker of cosmetics and fragrances, has named Fred Langhammer to the new post of executive vice president and chief operating officer. He was previously manager of Estee Lauder Germany. Hans Thalmann, who is president of Estee Lauder Italy, assumes additional responsibility for German operations until a successor has been named for Mr. Langhammer.

Lockheed Corp. International has named Rudolph Perez as regional vice president-Europe and a

Midland Bank to Open
Milan Branch Office

International Herald Tribune

LONDON — Midland Bank PLC, Britain's third largest, was given approval by the Italian government to open a Milan branch, the bank said Tuesday.

Massimo Cagliani, currently a senior manager at Banca Commerciale Italiana, will become its manager. Midland will convert its Midland International Trade Services office in Rome into a group representative office.

Detroit head office as assistant director of overseas and Canadian borrowings.

Smith Barney, Harris Upham International Inc. has appointed Minoru Itoh as branch manager of its Tokyo office. Smith Barney Inc. of New York is a holding company whose main subsidiary is the investment banking and brokerage concern of Smith Barney, Harris Upham & Co.

Austin Rover Deutschland GmbH, based near Düsseldorf, has named Jeffrey Johnson as managing director. He previously was in Britain as director of fleet operations for Austin Rover, a car making unit of BL PLC.

General Motors Acceptance Corp. has named Raymond A. Groo as European finance manager. Mr. Groo, who is based in Brussels, spent the past nine months managing buy-back at GMAC of Canada Ltd. He succeeds Paul D. Bull, who has moved to GMAC's

systems of 1,000 to 10,000 processors.

Others are joining in, though often reluctantly. International Business Machines Corp. says it is doubtful that any major change in computer architecture is the offing, because of the compatibility problems it would create for mainframe and minicomputer users.

Whether the FX-8's capability will propel Alliant to the top along Route 128, the computer belt around Boston, is far from certain. As makers of personal computers and mainframes alike have learned, the link between successful technologies and successful companies is tenuous at best.

But one advantage is the tremendous interest of top strategic planners in the U.S. Defense Department. Both the Defense Advanced Research Projects Agency and the office involved in the research into a space-based missile defense, the Strategic Defense Initiative, are pouring millions of dollars into parallel-processing research.

A tall, soft-spoken Oklahoman who never took a computer science course, Mr. Gruner left college in 1969 to join Data General Corp. and quickly rose to become its top computer architect.

He quickly drew in Craig J. Mundie, a software expert and member of the North Carolina project. For six weeks the two parked themselves in the computer science library at the Massachusetts Institute of Technology, poring over a decade's worth of scientific papers.

"We knew we wanted to start a company," Mr. Gruner said recently, describing his searches through stacks of articles. "We just needed the germ of an idea."

The germ emerged from the work of David J. Kuck, a professor at the University of Illinois at Urbana-Champaign, and widely

regarded as one of the world's leading experts on supercomputers.

Soon after they waded the professor as a consultant.

Mr. Kuck's pragmatic approach, a conviction that existing computer programs could be reorganized so that they lend themselves to attack by multiple processors simultaneously, proved irresistible to some of high-technology's leading venture capitalists.

Hambrecht & Quist Inc. and Kleiner, Perkins, Caufield & Byers, both of San Francisco, and Venrock, the Rockefeller family's venture capital group, contributed \$14.8 million in two rounds of financing.

Money in hand, Alliant's founders raided Digital Equipment Corp., Prime Computer Inc. and Data General for top engineers.

The result, Alliant says, is that it

has already shipped six parallel-processor systems, costing from \$270,000 to \$1 million each. But it refuses to make predictions about revenues or earnings.

Developing a Faster Computer: The Race Takes a New Tack

(Continued from Page 9)

of existing programs, mostly software designed for Digital Equipment Corp.'s powerful VAX minicomputers. Until now, most parallel processors have required entirely new programming.

Whether the FX-8's capability will propel Alliant to the top along Route 128, the computer belt around Boston, is far from certain. As makers of personal computers and mainframes alike have learned, the link between successful technologies and successful companies is tenuous at best.

The complex task of designing computers that can make the most efficient use of multiple processors at once is quickly absorbing some of the best talent in the industry. First among them is Mr. Gruner, Alliant's chief executive.

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"We knew we wanted

SPORTS

Week's Soccer Matches Determine the Strong

LONDON — The shape of Europe's soccer challenge for the 1986 World Cup still has all the clarity of an amoeba.

With nine months to go only Hungary and Italy are assured of the 14 out of 24 places Europe holds at the finals. But hectic and decisive days are coming.

Between now and mid-November will be resolved, starting this week with six matches that can make or break four years of planning.

The instability of soccer is such that France, champion of the confi-

ROB HUGHES

ment and potentially world master of the creative arts of the game, is becoming fairly desperate to even reach Mexico.

Defeat for the French in East Germany on Wednesday would leave Michel Platini and company stragglers behind the Group Four leaders, Bulgaria and Yugoslavia, despite the apparent advantage of home games to come in Paris.

In truth, France, having had everything its own elegant way throughout 1984 — everything on French soil — has begun to travel badly. Inspiration deserted her bleus in Sarajevo, where they held out for a goalless draw against Yugoslavia, and in Sofia last May where they were drawn into an ill-advised roughhouse and soundly beaten in a 2-0 defeat.

East Germany is neither as hard or as competent as Bulgaria, yet France should outwit such teams with a flourish, not stoop to scrambling for dangerous draws.

Three men — none of them Pla-

ini, who must be careful after being booked for dissent in Sofia — hold the key. While we are all hypnotized by the midfield, we forget how the recent solidity of French defending has liberated those talents.

You cannot create with abandon.

Yet, suddenly, unnecessarily,

the French defense invents its own discord.

Time was when Maxime Bossis and Patrick Battiston happily lined up in the same defense. Now those fullbacks are bolting for the same hole, as sweeper. Bossis, recently equaling the national record of 65 appearances, has possession of the spot but Battiston has youth. And Battiston says he will not wait: he plays sweeper, his new club position, or nowhere.

In midfield, the French must

welcome back with relief Alain Giresse, the marvelous little pocket general who has just played his 500th game for Bordeaux. Without Giresse, France lost its rhythm in Sofia, without Giresse, Platini is a less flamboyant match winner.

And in attack, barren even while

the midfield was winning the Euro-

pean Championship, there is now

— or rather resurrected — hope

that Dominique Rocheteau is near

ing full blossom as a goal scorer.

So delicate, so special a talent when the mood and the limbs are sound, Rocheteau appears to be born again marksmen now that Paris Saint Germain tops the French League.

Meanwhile, Poland and Belgium play the deciding match of Group One. The winner goes to Mexico, the loser faces Holland in a playoff.

Three men — none of them Pla-



Patrick Battiston: sweeping dissent on the French team.

The draw favors Poland on goals scored.

It will be tight, negative and painful for opposing catalysts Zbigniew Boniek and Enzo Scifo. Boniek, Poland's captain, has the experience and the form of his sparkling debut for Roma last weekend. Scifo leans on the experience around him but keeps doing what is expected of a boy asked to inspire men including taking on the pivotal role of Belgium's 2-0 victory over Poland in Brussels last May.

That came just before the Heysel

Stadium tragedy that took 39 lives.

It is perhaps as well that the return match will be played in Poland, away from the shadow of Heysel which, with ghoulish insensitivity, is apparently now open to coach loads of tourists who come to see block Z, the wall of death.

That shadow hovers menacingly over Britain, where two World Cup qualifiers are to be played. Tues-

day, Wales was to meet Scotland in a Cardiff stadium wired and armed with all manner of grotesque measures intended to keep the clans apart.

The match itself promised heated

passions, every bit as much a decider as in Poland but with added fuel. Scotland sought revenge for a home defeat by the Welsh, and Wales nursed a longer grievance. In a similar qualifier in 1977, a French referee gave Scotland a penalty and the match — for a handball seen by most to be a scuttish hand.

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PEOPLE

Helen Hayes Presides
As O'Neill Home Opens

Fourteen years after her last stage role, as Mary Tyrone in Eugene O'Neill's "Long Day's Journey Into Night," Helen Hayes visited the house in Danville, California, where O'Neill wrote his finest plays. She went to the small community 30 miles (50 kilometers) east of San Francisco as hostess for a supper benefiting the non-profit Eugene O'Neill Foundation and celebrating the opening of O'Neill's former home, Tao House, to the public. Recalling "Long Day's Journey," which she called "the great play of our whole history," Hayes said that in playing the role she felt as though "I had in my hands the soul of Eugene O'Neill."

O'Neill and his wife, Carlotta Monterey O'Neill, designed and built Tao House after he won the 1936 Nobel Prize in Literature. It was there that he wrote "Long Day's Journey," "A Moon for the Misbegotten" and "The Iceman Cometh."

From Paul Newman, at 60 the youngest, to Cary Grant and Isaac Bashevis Singer, both 81, McCall's magazine has offered its selection of the 10 sexiest American men who are 60 or older. Ronald Reagan, 74, made the list, as did Frank Sinatra, 69, Joe DiMaggio, 70, John Huston, 79, Norman Mailer, 62, John Forsythe, 67, and Leggacce, 60. McCall's called Singer "the Frank Sinatra of Nobel laureates."

Brian Urquhart, 66, the senior British official at the United Nations, has received the Distinguished Peacemaker Award for his work in the Middle East and Cyprus. Urquhart, 66, is the second recipient of the award given by the International Peace Academy. Lieutenant General ELLM Burns of Canada, who commands the UN Emergency Force in the Middle East, was the first. The academy, a UN institution, was founded in 1970 to develop the skills of military officers and diplomats for peace-keeping and multilateral negotiations. In 1974 Urquhart was named UN undersecretary-general for special political affairs, directing UN peace-keeping operations in Cyprus, Kashmir, the Sinai, the Golan Heights and southern Lebanon.

OBSERVER

Fading Urban Smarts

By Russell Baker

NEW YORK — Only three months living in another place, and already I am losing survival habits developed during 10 years as a New Yorker. During a brief visit last week, for example, I caught myself at 46th and Lexington looking up at the beauty of the Chrysler Building in a pastel twilight.

There are three good reasons why New Yorkers don't look up: the speed, rage and treachery of city traffic. Not focusing total attention on trucks, buses, taxis and cars with diplomatic immunity can be the death of you. Also, crooked may prey on the unwary tourist, distinguishable by obvious curiosity about the marvels around him. Also, while dogs don't use the sidewalks as their personal thunder boxes quite so freely as five years ago, the custom is still common enough to justify pedestrians keeping their minds on their feet instead of the stars.

My walk has slowed down, too. Settling in the city in 1974, I found that to fit in unnoticeably I had to accelerate my normal walking pace. You had it about right when you were hopping along in the herky-jerky kangaroo style of people in antique newsreels.

It's a mystery why New Yorkers zip along at Olympic walking speed. Possibly it has something to do with the mass psychology created by an environment where stunning noise, overcrowding, tension, fear, ambition and hyperthyroid greed are commonplace. Or maybe the New Yorker is so desperate for quiet that he subconsciously hopes for a fatal head-to-head pedestrian collision at the next corner.

It is a mystery, but I quickly mastered that staccato walk when I wanted to qualify as a New Yorker. Returning last week, I found I had lost it, or maybe had just abandoned it. That would have been sensible, for it would make you suspiciously eccentric to walk anywhere but in New York with that single-minded, slightly insane air of determination.

I have also lost the New York talent not to see — to blind yourself to all that does not make you feel fine and dandy about being a New Yorker. I had it once, but last week I kept seeing people who were not only clothed most unfashionably

but were also unconscious in public.

The first of them was at 42d Street and Vanderbilt Avenue. His lower half was on the sidewalk, the upper half in the gutter. How many people were stepping over or around him? To say 500,000 would be overstatement. To say that not a soul among that horde could see him would be not too far from Gospel truth.

I was appalled that I could see him myself. For 10 years I must have stepped over ill-dressed people unconscious in public, but I had always managed not to see. Now, seeing this one half on the sidewalk, half in the gutter, smelly, hardly dressed, challenging the world to reflect that not every sweet, lovable, cuddly newborn babe can end up eating lunch on an expense account — now I realized why I had cultivated the art of not seeing them in the old days.

They did not belong in New York, nor in any New York that I wanted to be associated with. They spoilt the ambience. With people like that on the sidewalks, how could you feel wonderful about being part of the Big Apple, home of the big condos and the trendy districts the filth rich and the beautiful people with their private personal jetsets?

Such people could take the polish off the Big Apple, could make you feel you were living in the Big Skunk Cage. So, you taught yourself not to see them. It was amazingly easy. In no time at all I could walk over and around their stupors and never know they were underfoot, and this, my mind you, despite my reputation for being a soft-hearted liberal.

Yet here I was, only three months out of New York uniform, and suddenly able to see squalor everywhere. Sprawled on a pushcart in Greenwich Village, occupying a parking space on the East Side, everywhere, the city filled with them.

Some of my old New York instinct survived, though. Once I felt a soft-hearted impulse to drag an unconscious form from the middle of a thoroughfare to the safety of the gutter, then changed my mind upon recalling how testy and prone to gunfire New Yorkers can be when their serenity is disturbed.

New York Times Service

The Critic as Artist: The Wit of Harold Bloom

By David Remnick
Washington Post Service

NEW HAVEN, Connecticut — Harold Bloom, the most notorious literary critic in America, joins his notorious precursor Oscar Wilde in the belief that "criticism is the only civilized form of autobiography."

"Ah! A brilliant sentence!"

Bloom boomed. "The divine Oscar." The divine Harold. With his manner marked, at turns, by a scabrous wit and an endearing camaraderie, with his uncanny ability to talk in shimmering sentences decorated with Victorian furniture, plush nooks and serpentine hallways, Bloom is a Wilde intellect: playful, passionate and strange.

In a world in which "serious" and "careful" are the highest virtues, Bloom said of his criticism, "I write jokes. I am a comic critic. Alas, all I get are solemn reviews."



Robert C. Crich, AP/The Washington Post

Harold Bloom: "The texts are there for us."

years "by the phantasmagoria of

Yale's literary majordomo to a fuddled gent slumped into a brown leather armchair, surrounded by a landscape of leafy legal pads and literature — a hillside of Hazlitt, a mountain of Proust.

"Come in, my dear. As you can see I'm embarked on a huge project. I'm writing two or three essays a week on authors great and some not-so-great for Chelten House. The publishers are planning on nearly 500 volumes and I'll have an essay for each. It's quite insane."

Bloom has a family: a wife and two grown sons. Bloom has a job. He left the Yale English department in 1973 to become the school's only department of one, professor of nothing. And Bloom has a reputation: a recent winner of a MacArthur Foundation award, a colossus in his particular nook of the universe. His articles for The New York Review of Books and controversial books on British and American poetry (especially his work on artistic influence) have earned him a legion of admirers and, he sighs, "an endless number of enemies. I am the parish of my profession."

Above all, Bloom is a reader, a man whose fulminating mind and often infuriating work have been shaped for nearly all of his 55

about everything"; of the Harvard English department ("a complete disaster"); of U.S. Education Secretary William Bennett ("a sublime ass, you may quote me on that"); of the critics and editors Hilton Kramer, Joseph Epstein and Norman Podhoretz ("more sublime asses"); of the late French critic Roland Barthes ("I've always called him Roland Fou-Frou").

John Updike has called Bloom's vision of poetic influence "tortuous" and many fellow academics find his work wrong or overblown. Academia is still a world of obsessive discretion, and the private critiques, no doubt, are much harsher. Bloom sees it as "an act of defensive warfare," anything but a passive process. His theory of "the anxiety of influence," the notion that poets write in an Oedipal rage against their poetic forerunners to create new, original work ("a divinizing triumph over oblivion"), is the result of a personal and imaginative reading of English and American literature.

Bloom slouched further into the leather and kneaded his fleshly face with his fist. His voice was breathy with fatigue, a river of sighs. The tone doesn't change much in the course of an afternoon. It matters little if the subject is his celebration of Dr. Johnson or William Hazlitt. Bloom sees it as "an act of defensive warfare," anything but a passive process. His theory of "the anxiety of influence," the notion that poets write in an Oedipal rage against their poetic forerunners to create new, original work ("a divinizing triumph over oblivion"), is the result of a personal and imaginative reading of English and American literature.

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Bloom was shy and struggled at "that ghastly place," the Bronx

High School of Science. He did not distinguish himself until he finished first in a state-wide regent exam and won a scholarship at Cornell University.

He arrived in New Haven for graduate school in 1951: "In those days Yale was an Anglo-Catholic nightmare, an Eliotic department dominated by Maynard Mack, Louis Martz, Robert Penn Warren, Cleanth Brooks, W.K. Wimsatt. It was the New Criticism of the T.S. Eliot persuasion with their crypto-religious neo-Christian ideology."

The New Criticism (fairly old by now but still predominant in many universities) saw the poem as a self-contained unit, a "well-brought-up" in Cleanth Brooks' phrase, to be examined with minimal reference to history or personality. As a graduate and junior faculty member at Yale, Bloom saw "the need in myself to overturn Eliot and remake the Romantic tradition in American poetry." His first books were studies of Shelley, Blake, Wordsworth and other Romantics.

The idea of criticism as a subjective, creative form was held in low esteem among the New Critics. They saw criticism as a "Deconstructionist mafia," have all published work that looks at the linguistic assumptions of a poem, asking questions about the fundamental meaning of everything in a text. Nothing is to be taken for granted.

"But that was just ridiculous," Bloom said. "Hazlitt was not a poet, neither was Ruskin or Pater. Oscar Wilde was a very bad poet. 'Criticism doesn't have to be creative, but obviously criticism is a genre or subgenre of literature. It is part of an art. To say, automatically, that a bad minor poet is part of literature and a great critic is not obviously preposterous. Think of Hazlitt and Mrs. Felicia Hemans, who were contemporaries. Mrs. Hemans had the same reputation in her day, especially after her tragic early death, as the abominable Sylvia Plath has in ours. Mrs. Hemans could not write her way out of a paper bag, nor could Sylvia Plath. But Hazlitt! He was a genius."

Bloom has had limited experience outside of the critical office. He wrote a novel called "The Flight to Lucifer" and now says, "I wanted to be a poet, but I got it wrong." Bloom was shy and struggled at "that ghastly place," the Bronx

after the first act muttering, "I thought it had been better." "And for poetry, Bloom says, "I have never written a line in my life. For me, poetry is a sacred threshold guarded by demons and one must not cross it."

Bloom looks at one of his earlier books on Romanticism, "The Visionary Company," as merely "a useful tool, nothing extraordinary." His leap into a highly personal, creative criticism came in the mid-1960s, and with "The Anxiety of Influence," published in 1973. "The nastiness with which it was received was unprecendited," he recalled.

It is the best-known critic in the United States. Yale is certainly the most controversial department, a center for a score of critical movements: feminists, Marxists, semiotics.

The most visible of Yale's theorists are the practitioners of deconstruction, a philosophical way of looking at literature influenced by the work of German Idealism, Nietzsche and recent French philosophy. Geoffrey Hartmann, John Hollander, J. Hillis Miller, Jacques Derrida and the late Paul de Man, known as "the Deconstructionist mafia," have all published books of "handmaiden" to verse, an academic exegesis, preferably practiced by poets.

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I've been called a Deconstructionist, you know, a member of a so-called Gang of Four or Five, but I have never been infected with any of the French diseases," Bloom insisted. "It should be clear by now to younger Deconstructionists, to purple-haired semiotics and other receptionists, that I am purely an American and Emersonian phenomenon.

"I tell my students, following the divine Oscar, that there is no relation between literature and society. No one can hear to hear that. I tell them that what we do as teachers and critics of literature has no immediate social relevance whatsoever."

"The student or reader is to consider himself or herself the text, and all received texts are secondary. Poems matter only if we master. The texts are there for us, not us for them."

ANNOUNCEMENTS

MOVING

INTERDEAN

REAL ESTATE TO RENT/SHARE

PARIS AREA UNFURNISHED

LE VESINET

EMPLOYMENT

GENERAL POSITIONS AVAILABLE

DOMESTIC POSITIONS AVAILABLE

OVERSEAS POSITIONS

POSITIONS WANTED

GENERAL POSITIONS WANTED

DOMESTIC POSITIONS WANTED

OVERSEAS POSITIONS

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